

Social unrest threatens Iceland's economic experiment, Page 17

#### **NEWS SUMMARY**

#### GENERAL

## **Duarte** meets rebel leaders

poleon Duarte met left-wing guer-rilla leaders in the most concerted effort to date to end the country's

five-year civil war.

Several thousand peace demonstrators packed the town of La Palma near the Honduran border as President Duarte joined talks with a rebel delegation led by Sr Ferman

Roman Catholic church leaders acted as mediators at the meeting. Senior guerrilla leader Joaquin Vil-lalobos was apparently prevented from attending the talks by military operations near his base. Page 18; Background, Page 6

#### Nobel medicine prize

Niels Jerne of Denmark, Georges Köhler of West Germany and Cesar Milstein of Argentina shared the 1984 Nobel Medicine prize for research into genetic engineering and the immine system.

#### Rebellion 'crushed'

Iranian government forces claimed to have crushed a rebellion in north-west Iran by autonomyseeking Kurds.

#### Plea from Bonn

West Germany stepped up pressure on Romania's president Nicolae Ceausescu to make it easier for ethnic Germans in his country to emi-grate to the West. President Ceaubegan a two-day state visit to West Germany yesterday.

#### iceland strike deal

Iceland's public transfort workers accepted an 8.3 per cent pay offer and retained to work, breaking unions. Page 18

#### Craxi's rebuff

Italy's Prime Minister Bettino Craxi rejected opposition parties calls for resignation of Foreign Minister Giulio Andreotti over alleged links with jailed financier Michele Sindo-

#### Travel restricted

Israeli forces imposed new travel restrictions at a bridge over the Awali River in southern Lebanon after a spate of guerrilla attacks. Permits will be needed to cross in either direction.

#### Schoolchlidren hurt

Seven Israeli schoolchildren were treated for wounds after a roadside bomb exploded near their bus on the occupied West Bank

#### Portugal bombs

Two bombs exploded and three failed to go off outside branches of French Credit Franco Portuguis bank and a French insurance company in Portugal. FP-25 guerrilla group claimed responsibility and said the action was in support of Franch Russians. French Basques.

#### Brussels blast

Marxist Fighting Communist Cells" claimed responsibility for an explosion that weeked the Relgian Liberal Party centre in Brussels – the fourth bombing by the group

#### Taller story

has improved their performances in international sporting events, China Daily reported.

#### BUSINESS

No. 29,449

## **EEC** butter surplus

**EEC CONSUMERS** will get halfprice butter at Christmas and buy-ers outside the Community will be able to buy old butter at a fifth of the official price in an effort to cut the EECs 125m tonne butter mountain, the European Commission an-

**DOLLAR** gained in London to DM 3.141 (DM 3.106), SwFr 2.5775 (SwFr 2.554), Y249.0 (Y247.7) and FFr 9.6325 (FFr 9.52). On Bank of England figures, its trade-weighted in-dex was 144.2 against 143.0. Page 37

STERLING lost ground in London to \$1.2085 (\$1.2265), DM 3.7925 (DM 3.8175), SwFr 3.1125 (SwFr 3.1325), FFr 11.53 (FFr 11.675) and Y300.75 (Y303.75). Its trade-weighted index was down to 75.9 from 76.6, Page 37

GOLD fell \$3 an ounce on the London bullion market to \$338.75. In Frankfurt and Zurich the rate was the same. Page 36

WALL STREET: By 3pm the Dow Jones industrial average was 8.84 up at 1,199.54. Section III

LONDON equities edged forward despite sterling's weakness. The FT Industrial Ordinary share index added 5.6 to 881.6. Page 27

TOKYO was firmer with hightechnology stocks in demand by foreign investors. The Nikkei-Dow market average added 95.60 to 10,780.18. Page 27

AMSTERDAM stocks reached a record 179.5 on the ANP-CBS general index, a rise of 1.3. Section III

#### Switzerland withholds bond

SWITZERLAND withdrew a SwFr this month because of unsettled conditions in the bond market.

KUWAITS failure to deal with excessive private liquidity after successive oil price increases is to blame for recent financial crises, a conference on Middle East accounting was told. Page 21

EUROPEAN COMMISSION is poised to take the UK to court for failing to impose value-added tax on a range of goods and services.

POCLAIN, French excavator manufacturer 44 per cent owned by Tenneco of the U.S., suffered in-creased losses of FFr 1843m (\$19.4m) in the first half of 1984, against FFr 111.6m a year earlier.

CHASE MANHATTAN bank used the \$50m proceeds of a legal settlement to boost loan loss reserves to \$738m in its third quarter, when net profits fell 14 per cent to 593m.

BECHTEL Corporation, the U.S. engineering group, has won a man-agement contract for a \$300m oil refinery at Assuit, Egypt, which will have a 50,000-barrels-a-day capaci-

PIONEER Concrete Services, first Australian company to launch a Euro-commercial paper borrowing, says the first tranche of a A\$100m (U.S.\$83m), issue has been oversub-scribed four times. Page 21

UNITED TECHNOLOGIES, the U.S. industrial products group, reported third-quarter net profit of \$192.7m (\$121m) or \$1.48 (94 cents) a share.

Chinese are growing taller - by 2 We apologise for an abnormal cm every 10 years on average be mumber of misprints in this edition cause they are better fed, and that because of industrial action by members of the National Graphical Association in the London proofreading department.

.... Contents -

## Norway price cut puts pressure on Britain and Opec

BY DOMINIC LAWSON AND RICHARD JOHNS IN LONDON

measures amounting to a unilateral cut in the official price of its North Sea crude oil of about \$1.50 a barrel. The move has put the British National Oil Coporation (BNOC) under strong pressure to cut UK North Sea oil prices, which in turn would put the Organisation of Petroleum Exporting Countries (Opec) under

ressure to cut prices or production.

The Norwegian move came as a

surprise to senior Opec officials who described Statoil's price reduction as a "serious development." Statoil, the Norwegian state oil company, said yesterday that the cut in the Ekofisk marker crude would be backdated to October 1 and would be valid until the end of the month. The price would then be set according to spot prices over Oc-tober. It seems that the new price will be set at about \$28.50 a barrel. Norway had formerly always valted for BNOC to take the lead on North Sea oil prices, Statoil said, but BNOC's refusal to cut official prices while spot market prices had collapsed had forced Norway to

BY ALAN FRIEDMAN IN MILAN

TWO leading figures in Italy's fi-nancial establishment were arrest-

ed yesterday on charges of embez-

zling L240bn (\$125.38m) from state-

owned companies.

Sig Fausto Calabria, chairman of the powerful Milan-based Medio-

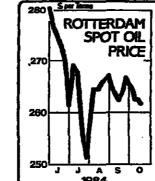
was arrested in Rome along with

Sig Sergio de Amicis, former presi-

counts and embezzlement. The 1960 to 1979.

ceived judicial letters warning them group.

banca merch



would cut UK prices, adding that it would be unprecented, however, for UK and Norwegian official oil prices to be out of line.

Statoil and BNOC have faced the same problem of supporting a \$30 official price while spot North Sea prices have been consistently no more than \$28.50. They have been take the initiative. It added that suffering loss of contract business Norway had not consulted BNOC and have been forced to sell their crude at big losses on spot market.

Italian businessmen on

embezzlement charges

Electrolux said an Italian Trea-

surv investigation into past cur-

had introduced a new element of

uncertainty into the Swedish

group's long-delayed takeover of

transactions at Zanussi

10 cents to \$28.10 for a barrel Opec officials had been rea

ably confident that non-member producers had been convinced of the imperative need to keep official selling prices intact over the next two months despite the continuing discrepancy between them and spot

Sheikh Ahmed Zaki Yamani Saudi Minister of Oil, visited most of them, including the UK, as part of a diplomatic campaign decided upon at the last ministerial conference in July. His itinerary did not apparently take in Norway.

Action taken by member states to maintain their output, in particular by concluding barter deals, and eswould be holding a meeting today pecially the demand for their lightor consider what action to take. It ter crudes would be considered as amounting to only a minor erosion of the price structure compared with Norway's linkage of prices to

Saudi Arabia's change in its export "mix" this month, which in-volved cutting the share of Arabian Light in any sales contract from 60 per cent to 40 per cent is reckoned Continued on Page 18

The British state-owned group reIn the wake of yesterday's developLex, Page 18; New chief for Britoil,
fused yesterday to say whether it
ment, UK North Sea spot prices fell
Page 19

# STERLING

## Prime cut fails to halt

By Paul Taylor in New York and

The dollar continued to soar to re cord levels yesterday despite a de-cline in U.S. interest rates which led to a % percentage point cut in

The cut was made by Bankers Trust, the ninth largest U.S. bank-

At the close of trading in London the dollar reached record levels and its rise helped to push sterling down to its lowest overall value

Sterling was also depressed by speculative selling because of disappointment over the progress of talks on the miners' strike and by the announcement of lower prices

for Norwegian oil.

The Sterling index closed at 75.9 compared with 76.6 at Friday's London close, However, although it was somewhat weaker against the D-Mark the main fall was against the dollar. Overall, the dollar finished in London at its best level ever, with its index at 144.2 compared

with 143.0 on Friday.

Some dealers said they thought the continued rise of the dollar was hard to justify in view of the easier to the Agnelli familiy, that helped to complete the takeover last week of the Rizzoli Corrière della Sera trend of U.S. interest rates; others that it represented a belief that the publishing group. It was alos Medi-U.S. economy would continue to ex-

The fall spurred an immediate rally on Wall Street's equity mar-The specific charge against Sig Calabria and Sig de Amicis, accordket, with the Dow Jones Industrial Average Index eight points higher ing to judicial officials, is that they

The latest cut brings the prime Continued on Page 18

Wall Street report. Page 27; Money markets, Page 37

# soaring \$

the prime lending rate.

ing group, to bring its prime rate to 12% per cent. That followed a quarter-point reduction last month and was made in response to a sharp decline in U.S. money market rates and bank funding costs. After the announcement, the dollar eased somewhat

since 1976.

pand at a fairly rapid pace. Yesterday's cut in the prime rate obanca that organised the planned takeover by the Swedish Electrolux

by Bankers Trust, followed later by company of the Zanussi home applicourers, one of the smaller banks, surprised some mar-However, the charges Sig Calabria faces stem from his time as the ket economists in New York. They had been expecting a more modest finance director of the IRI, which reduction of % per cent.

immediately after the news. participated in a scheme that swin-dled two IRI-owned motorway con-struction companies out of L240bn

## **London vetoes Telecom-IBM** data network

BY GUY DE JONQUIERES IN LONDON

THE BRITISH Government has re- pressed by the UK electronics in-

ta network in the UK. It said yesterday that wide public consultation suggested that "a joint venture at the present stage of de-velopment of this market by two such powerful companies would be a significant deterrent to market

entry to others." The government said it recognised the importance of the market the joint venture would have served, however, and was ready to

grant BT and IBM separate licences. It would also look favourably on similar proposals by other companies, provided they pos-sessed adequate financial and technical resources. BT and IBM called the decision, which comes only weeks before BT is due to be privatised, "very disap-

pointing." There was clear demand for the services they had hoped to offer, and the Government's refusal to grant a licence represented "the loss of an important national opportunity for the UK."

Critics of the proposal, who had lobbied vigorously against it, welcomed the outcome. ICL, the largest British-owned computer supplier, said the Government had taken se-riously widespread concern ex-

jected a controversial proposal by dustry.

British Telecom and IBM to launch The decision reflects closely adijointly a sophisticated electronic da-

vice from Oftel, the independent regulatory, which warned that the joint venture night be anti-competitive. The decision was taken by Mr. Norman Tebbit, the Trade and Industry Secretary, shortly before last week's Brighton bomb attack

in which he was injured.

The BT/IBM proposals, which would have involved investments of several tens of millions of pounds, called for the creation of a joint subsidiary to provide "managed data network services," such as advanced electronic ordering, billing and payments systems.

The services would have been carried on a network of BT telephone lines linking computers belonging to IBM's main UK customers. About half of BT's larger busi-ness subscribers are also IBM cus-

The Government emphasised yesterday that it was keen to encourage the development of the network services market and would welcome participation by the UK subsidiaries of foreign-based com-

It also wanted BT to be able to Continued on Page 18 Dilemma for Whitehall, Page 12; Editorial comment, Page 16

## Coal strike talks collapse in UK

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

strike broke down last night. The pute. two main mining unions are now preparing to escalate their action to tween the National Coal Board

on other trade union leaders for a no immediate prospect of further "stepping up of support for the min-

union Nacods will call an emergen-cy executive meeting, probably also today. Nacods has gained an 82.5 per cent vote by its members in favour of strike action and the possibility of calling a strike is likely to be

on the meeting's agenda.

A strike by Nacods might close all the pits - about a quarter of the

THE LATEST ROUND of talks to total - that have continued to work try to settle Britain's national coal during the seven-month NUM dis-

The breakdown in the talks beforce a crisis.

(NCB) and the NUM came a little
The National Union of Mineworkover two hours after the latest ses-(NCB) and the NUM came a little ers (NUM) will hold an emergency sion between the two sides resumed meeting of its national executive to-day. Mr Arthur Scargill, the NUM pendent conciliation and advisory president, said the union would call service, Acas. There now appears

Mr Ian MacGregor, the NCB Leaders of the pit supervisors' Chairman said: "the NUM have not seen their way to agreeing with the

proposals from Acas." He said that the board come "reluctantly" at the suggestion of Nacods. It had been prepared to accept the Acas proposals even though it fell "far short" of the agreement the NCB wanted.

Continued on Page 18

#### they are under investigation. It was Mediobanca, with its ties italy's trade balance, Page 3 Pechiney returns to profit

furer. Page 18

dent of Condotte Acqua, the state- Among them are Sig Alberto Boyer,

controlled construction group.

The two are charged with false fourth largest bank, and Sig Giufinancial disclosure, falsified acseppe Petrilli, president of IRI from

charges relate to their time as di- Several leading bankers and

rectors of IRI, the state holding stockbrokers expressed shock yes-

company. terday at the arrest of Sig Calabria,
A further 10 prominent busi- whose Mediobanca is Italy's single

nessmen and bankers have re- most powerful merchant banking

#### BY PAUL BETTS IN PARIS

owned aluminium group, returned to profit in the first half of this year with net earnings of FFr 307.5m (\$32.3m) compared with a loss of FFr 684.8m in the corresponding pe-

riod last year. The group, which suffered a huge FFr 2.8bn loss in 1982, has been undergoing restructuring since it was nationalised by the French Socialist Government. The group had a net loss of FFr 463m in 1983.

Pechiney said yesterday, however, that it expected lower earnings in the second half of this year ause of the recent and sudden downturn in the world aluminium

duction capacity. chairman, recently acknowledged gramme in France covers two that his group had been surprised phases. The first, involving spendthat his group had been surprised phases. The first, involving spend-by the speed of the turnround in the ing of about FFr 900m to reconvert

Despite the current downturn in the market, Pechiney is expected to benefit from the strength of the dol-lar against the French franc. Pechiney has much of its production operations in the French franc zone, with plants both in France and in Cameroon, which have been making hefty productivity gains as a result of the U.S. currency's strength.

"We have been making 30 per cent productivity gains on the dollar without doing anything; but this cannot last for ever," M Besse said. market. The company said second-half results were likely to be "less favourable" than first-half earnings.

Like other big international alu- efforts. That might lead to a reducminim producers, Pechiney has thou in cash flow to finance new in-reduced its output in response to vestments at a time when the group overcapacity in the market. Last has seen its capital endowment alsummer it announced a cut of location from the French Govern-70,000 tonnes in its European proment, its sole shareholder, cut to only FFr 150m this year. M Georges Besse, Pechiney's Pechiney's investment pro-

Nuclear industry: assessing World motor industry: tough

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Management: sharing the Lex: Novo Industries; oil

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Editorial comment: W. Ger- France: Valeo's lengthy

man exhausts; BT ...... 16 restructuring .......... 19

changes the rules ...... 16 Survey ...... Section IV

World tea prices: India Motor Industry:

PECHINEY, the large French state- years and we had estimated that if completed by the end of next year. the 1983-84 recovery had lasted two The second phase involves some years it would have been good," he FFr 3bn to FFr 4bn in investment to create a second big, volumeefficient plant in France at No-guères, in the south-west of coun-

during the 1970s.

Pechiney has so far not given any firm indications when it plans to start the second phase of its French so expected to be tied to negotiations with Electricité de France (EdF), the French electric utility, with Pechiney seeking to secure a further large supply of electricity at lower cost.

Pechiney entered into an association with EdF last year when it bought a stake in an unspecified French nuclear power plant to secure 2bn kWh in electricity supplies at better rates.

The company is now seeking to negotiate a similar agreement for another 3bn kWh of annual electricity supplies in France. EdF appears, however, to be dragging its feet because it is faced with demands for lower-cost industrial electricity from other large French companies, including the Elf-Aquitaine oil group, which wants cheaper electricity for its clorine opaluminium market. "Most special- the Saint Jean de Maurienne aluists believed it would last three minium plant in Savoy, is due to be



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David Fishlock assesses the significance of Moscow's agreement to allow inspection of its reactors

## Why a little nuclear knowledge is better than nothing

WILL THE world be a safer the rate of its spending on place when as it has promised, nuclear assistance to the devethe Soviet Union allows inter-loping nations. national inspectors to visit its nuclear power stations? Moscow is setting great store by the gesture, and the International Atomic Energy Agency is hoping to make its first inspec-

that nuclear materials — developing countries should not plutonium and enriched be fettered in anyway in nuclear uranium — are not being trading. uranium — are not being trading.

diverted from nuclear power into nuclear weapons. Signatories to the NPT accept such inspections so as to maintain they have two tasks: one mutual confidence in a policy of not spreading nuclear weapons.

The IAEA's biggest division is devoted to safeguards, with about 200 professional staff. They have two tasks: one mutual confidence in a policy of involves working through the books of a nuclear facility to books of a nuclear facility to Most of the \$30m a year the check for any discrepancy IAEA spends on safeguards, between the nuclear materials goes on investigating those nations almost everyone accepts other is to inspect the stocks, at least likely to transgress, so that the inspector can be at least likely to transgress, such as Canada, Japan, Sweden, sure that nothing is such as Canada, Japan, Sweden, and EEC countries, and some nations, especially developing countries, see the inspections as nuclear installations last year, and put 6,600 IAEA seals on pu

At the IAEA's general conference in Vienna last month Dr of releasing nuclear energy Munir Khan, chairman of transforms uranium into pluto-

BY JOHN DAVIES IN FRANKFURT

Iran, keen to restart a nuclear power programme shelved when the Shah was deposed, asked the conference why "in this agency the great powers pertion next summer, on the eve of the review conference for the Non Proliferation Treaty (NPT).

Inspections are made to verify

sistently attempt to undermance and disregard the opinions and suggestions of the Third World countries." Iran believes that, as the main source of raw materials for developed nations. sistently attempt to undermine

a costly charade; an indulgence and put 6,600 IAEA seals on of the "have" nations, discriminatory against the "have guarantee that no unrecorded access occurred.



cedures may be useful if arms

light-water reactor, the com-monest kind.

Much more troublesome and expensive to inspect are nuclear fuel factories. A fuel fabricating factory, for instance, needs several hundred man-days of inspection a year. A uranium enrichment factory may need as much as 1,000 man-days per year, Mr Peter Tempus, IAEA denuts director in obserce of deputy director in charge of safeguards, estimates.

The factories are less numerous than reactors but have

biggest growth rates. But com-panies have benefited from restructuring measures to reduce plastics capacity and to

give more priority to types of synthetic fibres with better market potential.

On the other hand, the

to have the inspectors visit. Only can get to the weapon states Soviet reactors—they have 40 in operation—not fuel facilities are expected to be volunteered.

can get to the weapon states because they also represent much of the most advanced nuclear technology, he says. expected to be volunteered.

Moreover, they will offer only one type of reactor, the Russian pressurised water reactor, developed from its submarine reactor, and scaled up to 1,000 Mw capacity as a standard "commercial" reactor. This type is used in Czechoslovakia

The other standard reactor is the Soviet-designed RBMK or graphite - moderated reactor.

Like graphite - moderated reactors in Britain, France and the U.S., this type can make weapons-grade plutonium. When Mr Tempus asked whether this type would be open to inspection he was told only that "we do not export this reactor."

He does not expect this type to be volunteered, since he believes it fulfils a dual role of supplying the USSR with both electricity and plutonium for weapons. Leningrad power station has four 1,000 MW reactors of this kind operating. Does this duality of purpose,

the NPT. No, says Dr Hans Elix, IAEA
The Soviet offer to open its director-general, who sees the civil nuclear plants to inspec- Soviet gesture as an act of goodtion raises some interesting will and "a very important questions. Like other weapon step" in progress towards states, Moscow will volunteer universal safeguards. The which facilities it is prepared agency needs all the access it

> Dr Blix has another impor tant reason. He believes that techniques developed for verifying civil nuclear situations may also prove acceptable to weapon states should they ever negotiate a partial or complete ban on nuclear weapons. The more familiar everyone is with the techniques, the greater the chance of winning acceptance.

The problem areas for the past decade since India demon-strated a nuclear explosive capability; those nations known to have an advanced nuclear technology, but which refuse access to facilities they are known to possess.

The prime suspects-despite oft-repeated denials and pro-testations that inspection would be an unacceptable intrusion into national sovereignty—are Argentina, Brazil, India, Pakistan, Israel and South Africa. South Africa, for instance,

permits inspection of its Safari research reactor, and is negotiat-

facilities in a weapon state? obstream by 1987, which will No, says Dr Hans Blix, IAEA enrich fuel for its Koeburg nuclear station near Capetown. By inspecting this plant, the IAEA will effectively be apply ing its safeguards regime to all the fuel that goes into and leaves the Koeburg reactors. But South Africa refuses to

allow inspection of the pilot uranium enrichment plant at uranium surichment plant at Valindaba, where the technology has been developed. The IAEA knows that this pilot plant is making highly enriched fuel for Safari, up to 45 percent enrichment. The U.S. previously supplied this fuel to South Africa until Congress forbade it in 1977. The agency believes that anyone who can make 45 per cent enrichment will have few problems reaching the 90 per cent or so needed for nuclear explosives.

South Africa's case is that South Africa's case is that inspection will reveal more than it wishes about the technology, not that it is making nuclear weapons. But developing nations used its refusal to permit inspection as a pretext at the IAEA conference for depriving South Africa of IAEA assistance.

assistance.

By trying to ostracise South
Africa, member-nations now
court the risk that it will withdraw from the organisation
altogether and permit no further
inspection under the safeguards regime. This will not help the cause of mutual assurance to which the member-na the IAEA are pledged.

## **Polish Government** faces first clash with new unions

BY CHRISTOPHER BOBINSKI IN WARSAW

TALKS ARE expected soon has drawn up an investment between Poland's new printers' programme with the Culture union and the Government in Ministry, is in effect backing the a serious dispute over the Ministry in its struggle for industry's future. It is the first government funds. This is the a serious dispute over the industry's future. It is the first of its kind since Solidarity was banned in 1982 and replaced by new unions. These have been boycotted by Solidarity's underground but claim 4.7m mem-

The printers, who put their membership at 18,000 or 40 per cent of the industry's workforce, started the dispute last month when they terminated unilaterally their collective wage agreement dating back to 1970.

They say they are concerned about the future of their indus-try and want to force the Gov-ernment to assure it of adequate investment for the next five year plan starting in 1986.

"Wages aren't the most important thing," a union official stressed. "We need new machinery on which we can increase output and earnings." Some 80 per cent of Poland's printing equipment comes from the West and it has suffered from the squeeze on hard currency which has been in force since 1980. The union, which

first time one of the new unions has openly played such a role, and it admits that the resistance "is coming from higher up" than the Culture Ministry.

Another stumbling block is

Another stumbling block is the collective wage agreement. The Government wants such agreements to run from 1985 at the earliest and would dearly like talks to start then as well. The printers could open the door for other unions, like the steelmen and engineers, who are also eager for an early start to negotiations.

The unions and the Government are still arguing about

ment are still arguing about how such agreements should be negotiated—a key issue in Poland's economic reform. Government policy is to de-centralise wage bargaining to the factory level on the grounds that this is in line with giving companies greater powers over financial decisions. The unions want direct talks with the role-vant ministers over the heads

## Hungarian paper defends campaign against the rich

BY LESLIE COLITT IN BERLIN

OPPONENTS of Hungary's to maintain their standard of economic reforms claim the living. economy is being damaged by Hungary's Communist leaderan official newspaper's campaign against rich people, the news-paper said yesterday.

Magyar Hirlap said the unnamed opponents "fear for their office and influence." They felt threatened by economic activity which relies on greater independence and on demo-

The author of the article, Mr Andras Banki, said he would "like to be rich" as it was not a question of ideology but one of "practical possibility." A "Mercedes is better than a Trabant" (a tiny East German Trabant" (a tiny East German car), he said, adding that Hungary was going through an anti-rich" mood at a time when the economy was experimenting and opening up a wider area for private initiative. At the same time, he noted, many Hungarians were unable even who works better lives better."

FINANCIAL TIMES, USPS No 190600, pur delicity succepts and soldings and soldings. Second class postego policy at New York NY and at additional gentless. POST-the same time, he noted, many Hungarians were unable even the same times, he additional gentless that the same time, he noted, many Hungarians were unable even the same times, he additional gentless that the same times the same times that the same times the same t

ship, he said, realised that the longer the "lean years" last, the more the population's tolerance may be taxed. In

order to prevent feelings against the rich from causing "social turmoil," the party had set goals of increased demo-cracy in public life, developing the economic reform, preserv-ing solvency and the standard

A ing egalitarianism, Hungarians would have to accept that "he who works better lives better.'

#### Pakistan's Atomic Energy Commission, accused the agency of expanding its spending on safe-guards since 1970 at three times in the state of the state and the consequent restrictions, ing inspection of its new negate any value in inspecting uranium enrichment plant, due West German chemicals buoyant Barzel fights back over

Flick affair allegations BY JAMES BUCHAN IN BONN

THE CHEMICAL industry in slackening, the chemical in-West Germany is having another dustry expects output for the buoyant year but sees signs of whole year to end more than the pace of growth slowing 5 per cent shead of last year—7 per cent, with demand from whole year to end more than Germany was up a more modest 5 per cent ahead of last year— 7 per cent, with demand from a stronger performance than in the building industry and West German industry as a private households tending to HERR RAINER BARZEL, the speaker of the West German Parliament and former chair-man of the Christian Demo-crats (CDU), went on the offensive yesterday to defend himself against a new set of slacken.

Plastics and synthetic fibres, long problem areas for the chemical groups, have returned to favour, with some of the allegations arising from the so-called "flick affair."

so-called "filck affair."

He denied allegations in the Hamburg magazine Der Spiegel, that he had received some DM 1.7m (f468,000) between 1973 and 1979 indirectly from the Friedrich Flick concern of Dusselderf. In July, Count Otto Lambsdorff, the former Economics Minister, was charged with corruption in approving exemptions on capital gains tax for the Flick concern in return for payments of DM 135,000. Count Lambsdorff has denied the charges.

Last week, the liamentary committee inquiry investigating the "Flick affair" voted to call Herr Barzel as a witness. He will be asked if he received money from the Flick concern by means of a Frankfurt legal practice and whether this may have influenced government approval of the tax exemp-

Herr Barzel, who was chairman of the Bundestag Economic Committee from 1977 to 1979, said yesterday that he had had no influence whatever on the approval (by the Finance and Economics Ministries) of some DM 800m in tax relief to Flick from

1978 to 1981. • Herr Barzel (right):



...one of the most important microcomputers ever

"...breaks new ground" Personal Computer News

generally saw a sharp recovery whole and a more sturdy in profits last year, have further improved their earnings

The chemical industry was

ther improved their earnings this year as they have been able to make more use of production capacity.

Professor Reinz-Gerhard Franck, president of the Chemical Industry Association (VCI), said that production in the first hine months of this year was about 7 per cent higher than a year ago.

Output would have been almost another 1 per cent ahead but for the recent metalworkers' strike, which unsettled the economy and crippled car assembly, an important market for some plastics.

The chemical industry was even more dramatically in the forefront of West German economic recovery last year.

When it registered a 7.3 per cent rise in output. With production now back to a high to see the momentum waning. Professor Franck said that the industry's sales revenue was running about 12 per cent ahead in the first nine months of this year and should amount to about DM 40on (£10.8bn) for the whole year, compared with DM 128.8bn (£34.2bn) last year.

YOU (Mail on Sunday) "...at its price ...well nigh impossible to beat"

Daily Telegraph

**... ahead of the field** 

Personal Computing Today

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Sindair Research Ltd Camberley, Surrey, GU15 38R.

The state of the s



Renault and

unions open

RENAULT, the French state-

owned motor group, yesterday

started an important round of negotiations with the unions on

and boost productivity signifi-

cantly.

Although Renault has said it

intends to avoid compulsory redundancies, M Bernard Hanon, the chairman, warned that redundancies were possible

long-term restructuring and job reduction programme, the aim of which is to cut losses

talks on

job losses

By Paul Betts in Paris

## Bonn raises emigration issue with

Ceausescu By Rupert Cornwell in Bonn

BONN yesterday stepped up its pressure on an apparently unyielding. President Nicolae Ceausescu of Romania to make it simpler for ethnic Germans in his country to emigrate to the West

the West

The delicate topic of the 350,000 German speakers in Romania—roughly 1.6 per cent of the total population—was raised shortly after Mr Ceausescu's arrival here on a two-day state visit, during a meeting with President Richard von Weiszäcker, the West German head of state.

However, the Romanian leader has repeated his opposition to the idea. In his view, Germans, many of whose families had been there 700 years, could not claim to be part of any country but Romania, despite the linguistic differences.

differences.

Bonn especially dislikes the widespread practice of underwidespread practice of inner-the-counter payments extracted by middlemen from the families of those seeking to leave. Last night Mr Ceausescu, who

is accompanied by his foreign and foreign trade ministers, held a first round of talks with Chancellor Helmut Kohl.

Europe, but have different starting points.

Whereas the Romanians insist

Luxembourg were concerned both to take the first faltering Whereas the Romanians insist both to take the first faltering that the first move must come steps towards a common marter objections from four governments were eroded by draft-the British delegation was

st the ne

ver

of 2003

But these divergences cannot preference over foreign suppanies would benefit.

But these divergences cannot preference over foreign suppanies would benefit.

Belgium, France and Ireland European Commission. Ceausescu has come at all, fierce Soviet pressure, of leaders of both East Germany and Bul-

garia to call off planned visits of their own. David Buchan adds: Mr Javid Suchan adds: Mr Janos Kadar, Hungary's com-munist party chief, yesterday opened talks in Paris with President Francois Mitterrand, as part of the Hungarian Government's drive to continue East-West dialogue in the face of some contrary messure from

of some contrary pressure from His two-day visit is also the first to Paris by an East European leader since M Mitterrand came to power three years ago.

## **UK** faces court action over VAT exemptions

THE EUROPEAN Commission is poised to take the British Government to court for failing to impose value added tax on a range of goods and services, in-cluding commercial and in-dustrial property development, fuel, power, sewerage and water services to industry, newspaper advertisements and animal feeds.

Britain has until early November to reply to the charge that it has illegally exempted those items from VAT, or face those items from VAI, or face action in the European Court. Imposition of VAT on the goods and services involved could increase costs for a wide range of British industry, but the Commission argues that British is out of line with the rest of the European Com-munity, and has therefore been enjoying an unfair competitive advantage.

All the items have been zero- paper advertisements and news some social purpose, and where the benefit is directly passed to the final consumer. Now the Commission is arguing that the British Government has stretched the meaning of the law to include too many areas. If the case is brought, it rated, a far higher level than in any other EEC member states

would be the most substantial any other EEC to date in defining how far except Ireland. individual member states can go in granting zero-rating industrial property develop-mission's arguments. Under the ment, the list of alleged terms of the VAT directive of infringements includes the pro-1977 countries were allowed to vision of water, power, fuel and

rated for the tax under EEC agency services; and protective legislation allowing exemption boots and helmets bought by where goods or services have employers for their employees. The key to a court action will be the definition of when exemption from VAT has a social purpose, and when it can be said to give direct benefit to the consumer. Some 40 per cent of all British output is zero-

Max Wilkinson adds: The o in granting zero-rating

British Treasury said yesterday

Apart from commercial and that it would contest the Comzero-rate some goods and ser sewerage services to industrial vices on social grounds. consumers; animal feeds, live Treasury ministers believe that animals sold for eventual food Britain's zero-ratings comply production, and seeds; news- with that vices on social grounds. Treasury ministers believe that

## Move to open up telecom market The L11,000bn (£4.7bn) trade deficit for the first eight months of this year has now almost

BY PAUL CHEESERIGHT IN LUXEMBOURG

Both sides are likely to stress their desire to see a reduction of tensions and the mumber of reactions reactions. reduction of tensions and in per cent of annual orders.

Europe, but have different The ministers meetings in

BY JAMES BUXTON IN ROME

A MAGISTRATE in Rome has

started to investigate one of the most glorious and hallowed events in recent

Italian history—the victory of the national football team in

Sig Francesco Nitto Palma

is examining allegations that the powerful Cameroon national team was bribed to

the 1982 World Cup.

the form of a recommendation that the matter referred for an experimental period. to network equipment. Thus, it has no legally binding of The UK wanted the position force in the way that a directive of British Telecom as a putative

rned has. ering The agreement was reached from the U.S., and be matched by a corresponding cut in Soviet missiles deployed against Western Europe, West Germany feels that it is up to Moscow to resume the negotiations broken off last November in Geneva.

But these divergences cannot the support of the s

qualifying rounds of the com-

petition which was played in

Cameroon and Italy reached

a 1—1 draw, a result just good enough to allow the Italian national team, which had until then put up a lack-

lustre performance, to go through to the quarter finals.

Spain.

THE FIRST steps towards communications authorities. Wanted the recommendation to widening the European Community market for telecommunications manufacturers were diminished by the fact that taken yesterday when industry their agreement was couched in their agreement was couched in the specification that the matter referred mainly the specification that the matter referred mainly the specification to be applied only to network equipment and not to all equipment and supplies, but were taken yesterday when industry their agreement was couched in the matter referred mainly the specification to be applied only to network equipment and not to all equipment and supplies.

private sector company to be taken into account. As minis-ters moved on to other topics,

the final, the Italian team beat West Germany and trig-gered a festival of national

The first suggestion that

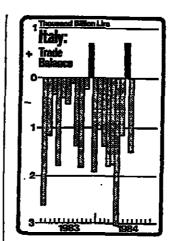
the draw with Cameroon might not have been com-pletely above board surfaced

in the Italian Press a few

weeks ago. Two journalists reported that representatives

rejoicing.

Italy's World Cup football victory marred by a late cry of 'foul'



#### Italian trade hope dashed

By Alan Friedman in Milan

ITALY'S TRADE balance took a turn for the worse in August registering a L1,474bn (£630m) deficit and dashing hopes that July's surplus might have marked a turning point.

of this year has now almost equalled the country's deficit for the whole of last year. It is also some 34 per cent higher than the L8,216bn deficit for January-August 1983.

The key factors contributing to the trade deficit in recent months have been the cost of energy imports and the negative effect of the strong U.S. dollar. In the first eight months Italy bought L91.576bn worth of imported goods, a rise of 19.3 per cent year-on-year. Exports grew at a slower rate of 17.6 per cent to L80,575bn.

Another feature of the deficit is the strong rise in imports of semi-finished and mettl products. These have grown by 36 and 48 per cent respectively so far this year and point to industrial materials.

Cameroon players L150m (£64,000 each) not to win.

The allegations were instantly

Italian manager, Sig Enzo Berzot. Perhaps more tel-

lingly, they were also denied by the two principal sources

of the allegation, a Cameroon

secret service agent, who in-itially investigated the affair,

and an Italian busine

and furiously denied by the

## Launch of French TV satellite postponed

FRANCE HAS been forced to postpone the launch of its trouble-bit first direct television broadcasting satellite, TDF-1, because of technical difficulties with amplifying equipment being built for the spacecraft. Telediffusion de France, the satellite TV group, said yester-day the launch, up to now planned for November 1985, planned for November 1985, could not take place before the third quarter 1986, but denied reports that it would have to be postponed until 1987.

The difficulties, concerning high-powered amplication tubes manufactured by the state electronic group.

manufactured by the state electronics group Thomson, amount to another setback for a project which has already experienced its share of problems.

The Government still has not decided whether to go ahead with building a second satellite, TDF-2, needed to make the system operational, partly because of doubts about whether a heavy or mediumsized satellite would be best suited for the purpose.

M Jacques Delors, president-elect of the European Commission and former French Finance Minister, had talks in London yesterday with Prime Minister Margaret Thatcher, and Sir Geoffrey Howe, the Foreign Secretary, during what was described as an "exploratory visit," writes Robert Mauthner.

TDF-1 is being manufactured by a Franco-German grouping headed by Aerospatiale and Messerschmitt - Boelkow-Blohm. Messerschmitt - Boelkow-Blohm.
A similar satellite, TV-Sat, being built for West Germany, has up to now been planned to be launched in September 1985.
The extra delay is bound to add to the controversy over whether France and Germany have made the right technical choice in opting for heavy broadcasting satellites capable of sending signals to small rooftop antennae mounted

## Barre slams budget plans

BY DAVID HOUSEGO IN PARIS

M RAYMOND BARRE, the deficit and hence through more former French Prime Minister, launched a stinging attack yesterday on the Government's budget proposals for 1985 to coincide with the opening of the debate on the budget in the National Assembly.

In an article in Le Monde,
M Barre poured cold water on

President Mitterrand's much publicised cut in taxes next year. He said that the reduction

who is said to have acted as a

However, an Italian Mem-ber of Parliament was bold

enough to make an official demunciation of the alleged bribery and it is this that Sig Palma is to investigate. He

is expected to interrogate the

main witnesses in the aiffair

and to carry out interviews

inflation.

Even if the rise in consumer prices seems moderate," he said, "the Government has not conquered inflation. It has disguised it for the time being thanks to wage and price controls."

M. Rowne said that the hadret

M Barre said that the budget deficit next year would be well above the FFr 139.8bn (£12bn) claimed by the Government. Next year's deficit would come on top, he said, of a FFr 160.5n semi-finished and ment I products. These have grown by 36 and 43 per cent respectively so far this year and point to industrial recovery as most of the goods are used in production.

year. He said that the reduction claimed by the Government year-in his eyes on top, he said, of a FFr 160-in than the 1 per cent of GNP deficit this year (equivalent to claimed by President Mitter- 3.7 per cent of GNP) and thus goods are used in production.

Most people have express

considerable scepticism about the ciaim, questioning for example why, if bribery was involved, the Italians did not pay for a victory rather than

a draw. But those who re-member the match have con-fessed to being surprised that

the Cameroon team never seemed to press home its attack.

if employees refused to accept the principle of job mobility. Before the start of yesterday's talks, M Hanon said on radio that Renault was not Father Christmas. This was a reference to his announcement at the beginning of this month that the company would adopt a conciliatory approach to its job reduction problem

reduction problem

Renault expects to reduce the
workforce of its French
car division by 4,000-5,000
employees next year through
early retirements and other
voluntary means. But to achieve
the necessary annual productivity gains of 7 per cent to
remain competitive, the group
is also competitive, the group is also seeking an extra 10,000 The negotiations are expected

to centre on company efforts to gain broader acceptance of mobility both in terms of jobs and geography.
French workers have shown

reluctance to accept job mobility. M Jacques Calvet, chairman of the Peugeot private car group which recently made large-scale redundancies, said last week that mobility was a real problem for industry

The long-awaited report, requested by the Government, on the state of the industry by M François Dalle, the head of the L'Oreal cosmetics group, is due to be published soon. It is believed to say that up to 70,000 job cuts will be necessary by the end of 1987.

The start of the Renault negotiations also coincided with another set of poor French car registration figures last month. Provisional statistics showed a 19.9 per cent decline compared

with September 1983. The domestic car market has suffered a 12.9 per cent decline in registrations in the first nine months of this year. Moreover, foreign manufacturers have seen their share of the domestic market increase to 35.8 per cent in the first nine months.

# There, Italy won a sensa-tional victory over Brazil. In of the Italian team paid the bedtime.

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Mrs Indira Gandhi . . . ex-

her election campaign will be

an alleged threat to the unity of India posed by external forces — including border classes with neighbouring Pak-

istan-and by internal dissen-

Last week, addressing an army audience, Mrs Gandhi indicated her approach by declaring that: "War clouds are

looming large on the country's horizon and there is talk of war

Gandhi's son and potential heir, is playing a major role in the

organisation of the Congress I campaign and has presided over

the weekend conferences, at which nearly 30 party leaders from around the country were

interviewed by him or his aides.
This is introducing a new degree of formal and analytical

election campaign. But Mr Gandhi's image has suffered recently, especially because he has caught some of the blame

for the upset in the southern state of Andhra Pradesh, where

in the air."
Mr Rajiv Ganchi,

BY JOHN ELLIOTT IN NEW DELHI

ALL INDIA'S major political parties have started detailed preparations for the country's coming general election, which Prime Minister Indira Gandhi is now expected to call for the turn of the year.

Pre-election fever is already beginning to grip the nation. Government activity is slowing and Mrs Gandhi's tour of the country is being regarded as the informal start of her own

She now seems most likely to choose a date for the first 10 days of January, or possibly even for the final days of December, for the Lok Sabha, India's Lower House.

Her Congress I party com-pleted at the weekend a threeday series of pre-election con-ferences embracing all of its regional leaders and merger talks are continuing between the two key opposition parties, Janata and Lok Dal.

Congress I is expected to win sufficient support in the election to remain in power. The party is split in many states with rival personalities and local factions, but Mrs Gandhi's personal appeal is strong especially in rural areas where most of India's 700m population live. There is no other significant leader nationally and the opposition parties are in disarray, despite attempts

to come together.

Speculation has built up during the past year that Mrs Gandhi may be so concerned about the prospect of not win-ping outright power that she will delay the election for six months or more. She could do this by summoning the Lok organisation into an Indian Sabha. which is now in recess.
and dissolving it. That would
give her a six-month interregnum before she need hold

an election.
Alternatively change the constitution to allow for longer than the existing change the constitution to allow an abortive attempt was made for longer than the existing two months ago by local polifive-year maximum period ticians backed by Congress I between elections. Another to unseat Mr N. T. R. Rama option would be to child become an elected executive President.

On balance, however, she the south, It has made it even seems likely to go for an more important for Congress I election "on schedule," as she has been constantly promisers.

has been constantly promising north, where party leaders hope for the past year. This means that the Andhra failure will be a turn-of-the-year election to more than compensated by Mrs enable a new Lok Sabha to sit Gandhi's firm handling during by January 20, five years after the summer unrest in the ne existing sessions began. northern states of Punjab and One of the main themes of Kashmir,

#### South Africa hits out at the UK's visiting MP

MR DONALD ANDERSON the visiting UK Labour MP, yesterday found himself the target of strong criticism from Mr Pik Botha, the South African Foreign Minister. Mr African Foreign Minister. Mr Anderson continued his fact-finding trip with a visit to Pletermaritzhurg jail for taiks with the three anti apartheid activists rearrested 10 days ago as they left the British consulate in Durban.

onsulate in Durvan.

Mr Anderson, who had strongly criticised South Africa's detention without trial laws on arrival and who is meeting various anti apar-theid groups during his trip, was rebuked by Mr Botha for his "emotional out-burst." He was asked to burst." He was asked to reflect on whether any other country in Africa would allow a foreigner to visit detainees and then make critical remarks about the government in public and was reminded that Britain had applied similar security laws to deal with the Irish Repub-

lican Army. Commenting on Mr Rotha's remarks prior to meeting white and black church leaders in Durban, Mr Anderson said he was sure he would be able to visit detainees in

other African countries.

Mr Anderson said he also found it "both absurd and worrying" that Mr Botha should attempt to compare temporary emergency legis-lation designed to deal with the IRA, which he said was committed to terrorism, with legislation affecting bodies like the United Democratic Front, which he described as a non violent organisation dedicated to peaceful change. The sharp words between the two men reflect the intense irritation of the South African Government at Mr Anderson's visit, undertaken at the behest of Mr Neil Kinnock, the UK Opposition leader, Further evidence of the unpopularity of Mr Anderson's visit in some circles came with threats of violence against him during

Mr Anderson has had both mr Ancerson has nad outpolice protection and protection by UDF activists
during his visit to the British
consulate and the prison. Mr
Anderson was due to visit the to try to make gains in the north, where party leaders hope that the Andhra failure will be three men in the British consulate for the second time last night, before addressing an anti apartheld rally.

David Lennon assesses the results of the Israeli premier's visit to Washington Peres wins a much-needed breathing space

Prime Minister, returned from his visit to Washington with a series of undertakings which should buy a much-needed breathing space for Israel's troubled economy.

Essentially the Reagan Administration eased Israel's immediate foreign currency reserves crisis, but it made clear to the premier that he must move rapidly to tackle the woes. country's economic especially inflation. The premier's main achieve-

ments are the immediate transfer of the 1985 aid grant of \$1.2bn (£1bn), a postpone-ment of all Israeli debt repayments to the U.C. Government for the next few months and President Reagan's promise of U.S. assistance if Israel's current account deficit becomes totally unsustainable. Cabinet Ministers appeared very pleased with the premier's

achievetments. Some senior officials in the economic ministries were less certain that the time bought by the premier would help Israel avoid a deep crisis, especially as the rate of inflation appeared to be doubling to 800 per cent.
The new premier did not win

an immediate increase in the total of U.S. economic aid for 1985. However, the Administra-



All smiles in Washington: Prime Minister Shimon Peres (right) with U.S. Secretary of State George Shultz on the Israeli leader's arrival a week ago.

tion will apparently ask Congress, when it reconvenes next year, to cancel the repayment of about \$500m. This is the portion of the debt covered

by the period of the moratorium. But this is a double-edged sword because, while saving Israel's depleted foreign currency reserves from further depletion, it does little to ease doubts among international bankers about the country's

Mr Peres appears to have scored a mixed success over his request for U.S. assistance on mediating with Syria and Lebanon over the conditions for an early withdrawal of Israell troops.

President Reagan said the U.S. "stands ready to help," but made it clear that the Administration will not become involved in a new mediation effort unless it is assured that parties are seriously mitted to finding a solution.

President Halez Assad of Syria arrived in the Soviet Union yesterday for talks intended "to counter American expans in the Middle East," according to the government-controlled media in Damascus, Leuis Fares writes from Damascus.

The newspapers said that President Assad's visit was likely to last for three days. It was the first official trip which Mr Assad had paid to Moscow since the funeral of President Brezhney in 1982.

Mr Assad, who signed a 20-year treaty of friendship and co-operation with Moscow in October 1980, was reported

by the Arab press to have made two secret trips to the Soviet capital, but these were never confirmed nor denied. The newspaper of Syria's ruling Socialist Ba'ath party said the new visit "has a special importance hecause it comes and signs of a hig conspiracy being concorded by the U.S. and israel."

Syrian officials have charged that Jordan's recent resumption of diplomatic rela-tions with Egypt was part of a U.S. biessed scheme to blend the two countries in an alliance with Iraq to inside Syris from the rest of the Arab world.

Mr Caspar Weinberger, Secretary of Defence, was due in Israel last night to discuss military support for Israel. Mr tion of the possibilities of the supply of the equipment when the secretary comes to Israel."
Israel is essentially seeking Weinberger, who said before leaving Cairo yesterday that he the most advanced models of various weapons in order to offset the less advanced American equipment being supplied to some Arab states.

Mr Weinberger will also visit the Verseli states to translations. knew of no Israeli timetable for a withdrawal from Lebanon. is expected to discuss in con-crete terms all the issues raised. The premier said in Washington that he had laid out propossis before the Americans concerning the equipment needed by the Israeli armed forces in the coming four years.

the Israeli aircraft industries plant where the Lavi warplane concerning the equipment is under development. He will seeded by the Israell armed be pressed to approve more orces in the coming four years. funds for this project which Mr Peres said he believed has run into design difficulties.

**Philippine** 

peso value

drops by 7.5%

## Japan and N. Korea sign fisheries pact

APAN and North Korea have to operate in North Korean ter- could lead to the lifting of which the fisheries agree

the lines of a previous arrange-year barred official level con-ment which expired two years ago. This allowed, inter alia, a Japan has hinted, however, any instant rapport with the number of Japanese fishermen that the fisheries agreement north. However, the speed with Party.

fisheries agreement, according to reports reaching Tokyo from Pyongyang.

Terms of the agreement were to special to the Japan Sea.

The accord was signed and negotiated for Japan by a parliamentary body, not by the Government, which has no diplonot immediately available, but matic relations with North they are believed to be along Korea and which has for the last

North Korea's presumed com-plicity in the Rangoon bomb At a bilateral level it may b

these diplomatic sanctions, put was concluded is seen here as into effect in protest against an indication of North Korea's

outrage a year ago which decimated a visiting South Korea lifting of sanctions, by a visit to delegation.

At a bilateral level it may be followed, with or without the lifting of sanctions, by a visit to Tokyo by North Korea maller cians in return for that paid to Pyongyang last month by the head of the Japanese Socialist

THE Philippine peso's guiding rate dropped substantially in yesterday's interbank dollar trading; the first trading session held under a freely floating rate system. The exchange rate moved down 7.5 per cent to 19.95 pesos against the dollar, from last week's guiding rate of 18.45 pesos. of 18.45 peros. Interbank dollar trading. which was suspended in October last year after the Government declared a moratorium on foreign debt payments, was

resumed two weeks ago.

Foreign exchange controls are now the only remaining stumbling blocks to the SDR 615m standby credit requested by the Government from the International Monetary Fund (IMF). The Government has submitted its letter of intent to the IMF but Philippine negotiators must first finish: talks with commercial creditors. resumed two weeks ago.

## Tokyo statesmen begin selection of party president

FOUR OF the five living former prime ministers of Japan will put their heads together today

other elders, is important in then that will probably seal the large in the discussions.

that it may set the mood for already likely demise of the upcoming bargaining primary; if they do not, then of modern Japanese politic the formal declaration of Conspicuous by his absence downfall 10 years ago, in the discussions.

Mr Miki, the "mister cleam of modern Japanese politic and a key player in Mr Tapaka downfall 10 years ago, in the discussions. of modern Japanese politics and a key player in Mr Tanaka's downfall 10 years ago, is expected to demand that Mr Yasuhiro Nakasone, the the upcoming bargaining primary; if they do not, then the modern Japanese property to determine how the roting between LDP factions prior to the formal declaration of choose its next president over the weeks ahead.

The meeting between LDP factions prior to the reverse may be true.

Conspicuous by his absence will be the other living ex-prime and a key player in Mr Taraka, will be the other living ex-prime and a key player in Mr Taraka, will be the other living ex-prime windster, Mr Kakuei Taraka, beautiful to demand the minister, Mr Kakuei Taraka, beautiful to demand the windster and stream agree that the party whose real political clout is at heavily favoured incur live up to his pledge of the other living ex-prime windster, Mr Kakuei Taraka, beautiful to demand the windster and stream of the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the windster and stream of the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the windster and stream of the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the windster and the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the will be the other living ex-prime minister, Mr Kakuei Taraka, beautiful to demand the will be the other living ex-prime will be the other living ex-pri

heavily favoured incumbent, live up to his pledge of last winter and eliminate all traces

Almost a quarter of a century ago, Hitachi researchers began exploring how an exciting new form of light could be made to serve business and industry. The complex concept: Light Amplification by Stimulated Emission of Radiation. The legacy: "Laser," a beam with the ability to concentrate one million kilowatts of power in a single pulse.

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in fact, we are constantly coming up with new methods of applying laser technology to products. One of the latest: A unique structure that boosts lasing power to the highest level ever obtained by a

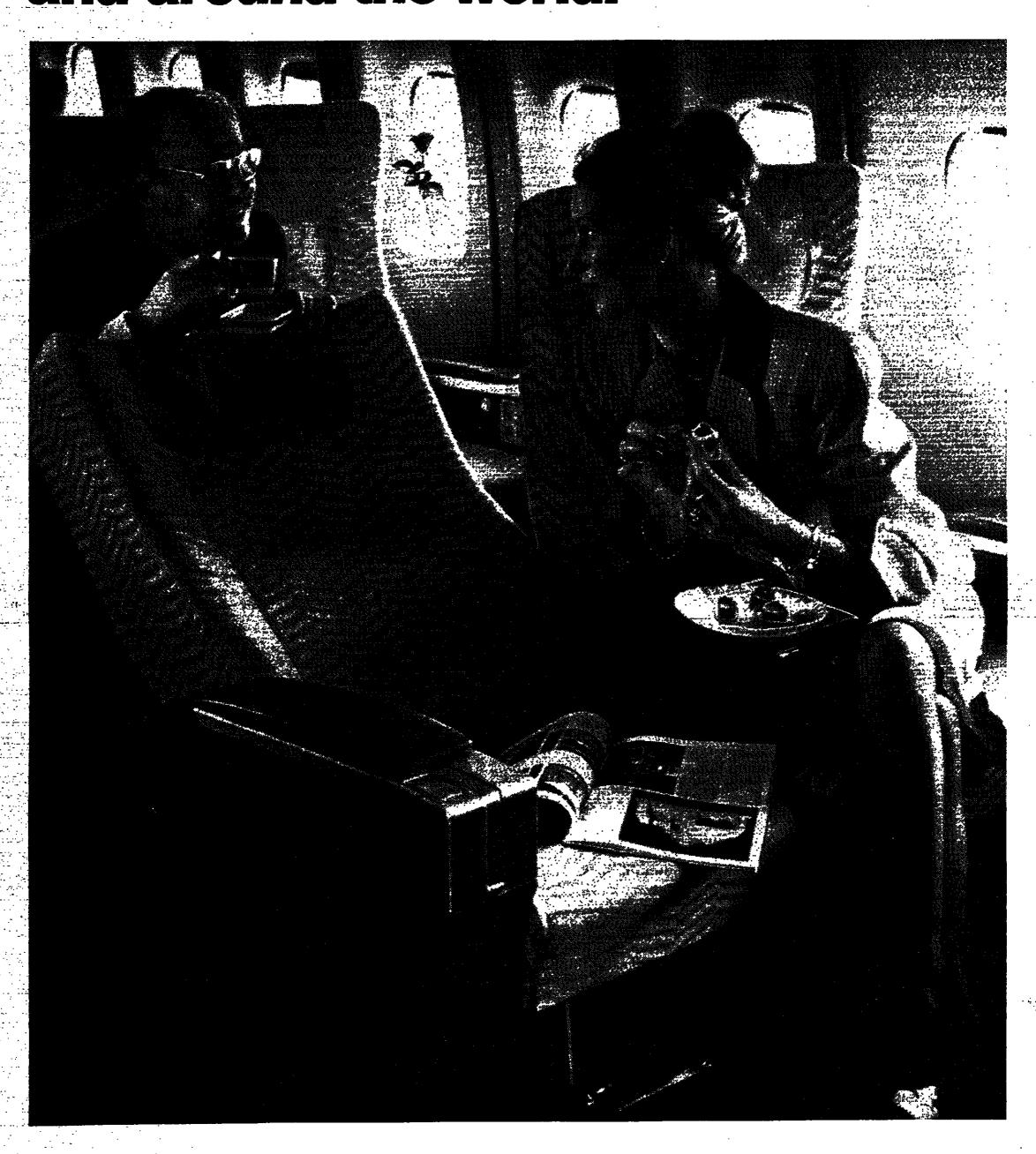
visible-light semiconductor laser. These examples demonstrate a few of the ways in which Hitachi is improving upon basic technology. Then using it to create practical tools that meet your needs ... and those of professionals in medicine, aerospace, and virtually every other field you can name.

#### The best of worlds is yet to come

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Argentina in

talks with its leading bank creditors

The talks, which follow Argenti-

na's agreement last month with the

International Monetary Fund on a

programme to back up a \$1.4bn standby credit, are expected to be

exploratory and last only a few days. After that they will adjourn

while both sides prepare the ground

for more substantive negotiations.

Bankers say that the Argentine

debt negotiations are likely to be among the most difficult and deli-

cate they have undertaken with any

country since the Latin American

in the banking community to the

idea of putting up fresh loans for the Government of President Raul

Altonsin, but bankers are also hav-

ing to refute reports that the IMF

agreement is in danger of falling

apart less than a month after it was

Such reports tend to exacerbate

even further the hostile attibute

many banks now display towards

Argentina, but senior bankers say

they expect the IMF to make fairly

Not only is there great resistance

debt crisis broke two years ago.

talks on

## **Brazil's presidential** hope stresses change from military rule

BY ANDREW WHITLEY IN MANAUS

THE CURRENT favourite to become the first civilian president of Brazil for 21 years was on the hustings, in Manaus over the weekend. Sr Tancredo Neves, the slight, 74year-old political veteran of nearly

40 years standing, looks and acts more like the small town lawyer he once was than the Great White Hope of 130m Brazilian people.

That, however, is what he has become. The official candidate, Sr Paulo Maluf – his only rival – is broadly disliked by the Brazilian public; not only for himself, but also because he represents continuity of the military regime under a differ-

Sr Tancredo by contrast means change, as his followers' banners and tee-shirts stress over and over again. And change is what the people of Manaus, a dilapidated, former rubber capital on the Rio Negro, say they want next March when General João Figueiredo retires. So they cheered him as he drove through the streets in a 1954 vintage Ford Thunderbird.

The curious feature of this election race is that, in theory at least, Brazilian public opinion should not sway the result, as the victor will be decided by a 686-member electoral college, not by popular vote.

The outcome in the electoral college has been made much more open by the break-up of the official PDS party supporting Sr Maluf. However, all is not what it seems

The opposition Tancredo camp know that their best chance of confirming the advantage private polls tell them they hold is to build up a crescendo of support around the country; a tidal wave which it would take a brave electoral college del-

egate to oppose. Hence the strategy of staging ral- musicians. lies and media events all over Brazil. They create the impression that der pressure lately to define exactly strike fear into the hearts of the rival "Malufistas."

eign correspondents based in Rio presidents and wealthy landownde Janeiro was flow up to Manaus - ers. the equivalent of flying from Lon-



Sr Tancredo Neves: favourite

guished man of letters who has spent the past eight years sailing up and down the Amazon in his floating home, observing Amazonian life and law.

The distinguished novelist, charming though he was and perfect in the part – what with his illkempt white beard, shaggy hair and shirt tails flapping - turned out

to be an old rogue.

As he candidly admitted, he was in no great hurry to write his next masterpiece being perfectly content to continue leading what he de-scribed as his "vagabundo" lifestyle. His boat, temporarily moored to

those rotting quayside at Manaus, 1,300 miles from the open sea, provided an ideal platform for the presidential candidate and his travelling entourage of politicians, television celebrities and popular

Sr Tancredo Neves has been unndwagon is growing - and what he stands for and how he would reconcile the conflicting currents supporting him. These range To aid the cause a group of 15 for- from orthodox communists to bank

Wily politician that he is he keeps don to Beirut - for the weekend, all dodging the issues, not wanting to expenses paid.

Dut any weapons in the hands of Paulo Maluf. A projected image of ess a meeting between Sr Tan- confidence and reliability is recredo Neves and an old friend from garded by Sr Tancredo's strategists his native Minas Gerais, a distin- as more important.

#### **GM** deal ratified by UAW

RANK AND FILE members of the United Auto Workers have ratified a three-year labour contract with General Motors Corporation, the world's number motor manufacturer. The UAW said late on Sunday night that 57 per cent of its members employed by GM voted to approve the agreement.

The same union reached a tentative settlement with Ford Motor Company, the second biggest U.S. motor group, on a three year wages contract on

The UAW said 138,410 GM morkers voted to accept and 102,528 to reject a pact reached last month to end a six-day series of selective strikes against GM.

The contract contains a job security fund of up to \$1bn to protect workers with at least one year of seniority from losing their lobs due to new technology

or production shifts.

The package includes wage increases averaging 2.25 per cent the first year and equivalent lump-sum payments to workers in each of the two

ucceeding years. The UAW has said a typical worker would realise wage gains of more than \$8,700 over the three years.

The pact's profit-sharing scheme could add another \$3,000 over the three years The Ford agreement, covering 115,000 hourly workers in the U.S., is similar to the GM pact and was struck during a 24-hour bargaining session that ended Sunday morning at Ford head

In Toronto, UAW Canadian Director Robert White said yesterday that the Canadian section of the UAW and Generai Motors of Canada remain far apart on negotiations to avert a strike tomorrow.

#### Reagan 'keen to debate Lebanon'

TUSCALOOSA, Alabama - President Ronald Reagan said yesterday that he could "hardly wait" to debate his policy in Lebanon with Mr Walter Mondale, the Democratic

Party challenger.

Mr Reagan made the comment to reporters, when he arrived in Ala-

Mr Mondale has said that he plans to question the President on U.S. policy in Lebanon when the two men debate for the second time next Sunday in Kansas City, Mis-

#### War-torn nation inspired by President's initiative towards rebels

## Salvador waits in hope for peace

LA PALMA is a dusty frontier town, framed by pine forests, in the Northern Salvadorean hills overlooking Honduras. It is potholed by neglect and pock-marked by battles but it is in no doubt where it stands.

"We want peace," "we want sincere dialogue," proclaim the banners and flyposters that festoon the town. h8Tcealloh festoon the town. The local Christian Democ &t mayor-who has managed to coexist with the guerrillas who have held La Palma for the past 18 months— is becking her party leader with her own series of posters, saying "With Duarte, we get

La Palma was thrust to the centre of Central American conciliation attempts last week when President Jose Napeoleon Duarte made his surprise offer at the United Nations to meet insurgent leaders there for talks. La Palma now describes itself, with tenacious optimism, as "the cradle of peace."

The talks on ending five years of carnage which have cost over 50,000 lives were due to start yesterday. On Sunday the insurgents political leader-ship arrived in El Salvador from exile in Panama, flown in by the Colombian air force. Escorted by French, Swiss and Colombian diplomats in a chaotic motorcade made up of the international Red Cross, and the U.S. TV networks, they completed a high-speed journey across country to La Palma without incident.

ONE OF El Salvador's top guerrilla commanders failed to appear at the peace talks with President Duarte.

Sr Joaquin Villalobes, the most senior insurgent leader, said over guerrilla Radio Venceremos he regretted he could not attend the confer-ence. Logistical problems appear to have prevented his

President Duarte said that of military operations in the area. He said Sr Villalobos's request for helicopter transport could not be met.

Dr Guillermo Ungo, the Social Democrat leader of the rebels' Revolutionary Front (FDR), and Sr Ruben Zamora, the FDR's most gifted polemi-cist, and the man who splitthe Christian Democrats when the death squads took control of El Salvador in 1980, arrived with the confidence of men who have the backing of one of the most powerful guerrilla armies in Latin America.

President Duarte, at the head of a delegation including his closest political advisers and Gen Eugenio Vides Casanova, the Defence Minister, set out just after dawn yesterday to meet the most proscribed men in El Salvador, a meeting on

Sr Villalobos had been "blocked" at the River Torala in the eastern province of Morazan, presumably because

> which the hopes of the nation depend, Security arrangements in La Palma are the responsibility of El Salvador's Boy Scouts, for 10 years led by Sr Duarte

Honderes

before he was president. Thousands of Salvadoreans were yesterday heading for La Palma to witness the meeting. The route taken by both factions covers a rough cross section of the country. On the Government-controlled side of the Lempa River system roughly divides the rebel East and North from the army-held Centre, South and West, troops are relaxed almost to the point

in the rivers and playing with yo-yos—in the latest, perhaps therapeutic, craze to sweep El Salvador. They freely express their own hopes for peace.

In the rebel-dominated Chalatenango, area in which lies Le Palma, the message is no less class. The number of white

less clear. The number of white flags flown from houses to try to ward off air force bombard ment has been multiplied 10 or 20 times in an appeal for peace.

In the shadow of Guazapa vol-cano, one of the most fiercely contested and heavily bombarded guerrilla areas just north of the capital, a sign across the road spells it out:

day to be aware of how much hung on the outcome of the meeting. Sr Duarte had rejected

tion in elections, the guerrillas have played down their de-mands for a share in power, stressing that what is now at stake is the opening of a dialogue, and that everything else is subject to subsequent

They can be seen swimming powerful."

new loans By Peter Montagnon, Euromanitats Correspondent, in Lendon ARGENTINA is today due to begin

in New York over a package of debt rescheduling and fresh loans that could total about \$20bn. At stake is a rescheduling of public and private sector debt maturing between 1982 and 1985 as well as a new loan facility of between \$3hn

and \$5bn.

"Please, give us peace."
Both sides appeared yester

meeting of Duarte had rejected outside mediators, saying this was a "national Salvadorean problem." and Sr Zamora had appealed to the U.S. to "leave us alone to solve our own prob-

While Sr Duarte has insisted that he is only going to discuss the insurgents' future participanegotiation.

An independent observer the war put it like this: "If either side saw a margin for maneeuvre in these talks, they've already been outthey've already been out-flanked; the desire for peace is

frequent adjustments to Argentina's programme over the next few The country's very high inflation rate of nearly 700 per cent makes it particularly difficult to predict the impact of economic measures the

## programme contains.

chosen in Peru By Doreen Gillespie in Lima

**New Premier** 

PERUVIAN President Fernando Belainde Terry has named Sr Luis Percovich Prime Minister and Minister of Foreign Affairs, replacing Sr Sandro Mariategui who resigned to contest the 1985 presidential elec-

New ministers - all of whom are members of the Government party - include the ministers of war, housing education and transport and communications.

## U.S. Treasury 'plans to borrow heavily'

BY STEWART FLEMING IN WASHINGTON

The U.S. Treasury is expected to borrow some \$42.3bm over the next four weeks - its heaviest fund-raising programme ever in so short a time according to Treasury officials, and one which will test the strength of the re-cent rally in the U.S. credit mar-

Late last week, Congress deared the way for the Treasury borrowing when after several weeks of political skirmishing it approved an increase of almost \$250km in the ceilling on outstanding federal debt. The move

will mean that the Treasury will

be free of political bassles in Congress over the debt ceiling throughout the whole of the current fiscal year which ends on September 30, 1985.
The Treasury will have to con-tinue to borrow heavily, to cover

budget delicits which are expected to be about \$196ha in fiscal

The Treasury is starting its massive borrowing programme today with sales of \$5.5km of seven-year notes. Tomorrow it will sell \$8.8hm of two-year notes. Wall Street report, Page 27; U.S. Prices, Pages 28-30;

#### Acid rain at top of agenda as Shultz visits Canada

U.S. Secretary of State George Canada's armed forces and pro-Shultz was due to travel to Canada for a 23-hour visit yes-terday intended to maintain the momentum of rapidly improving relations with Canada's new Progressive Conservative Progressive overnment, AP reports from

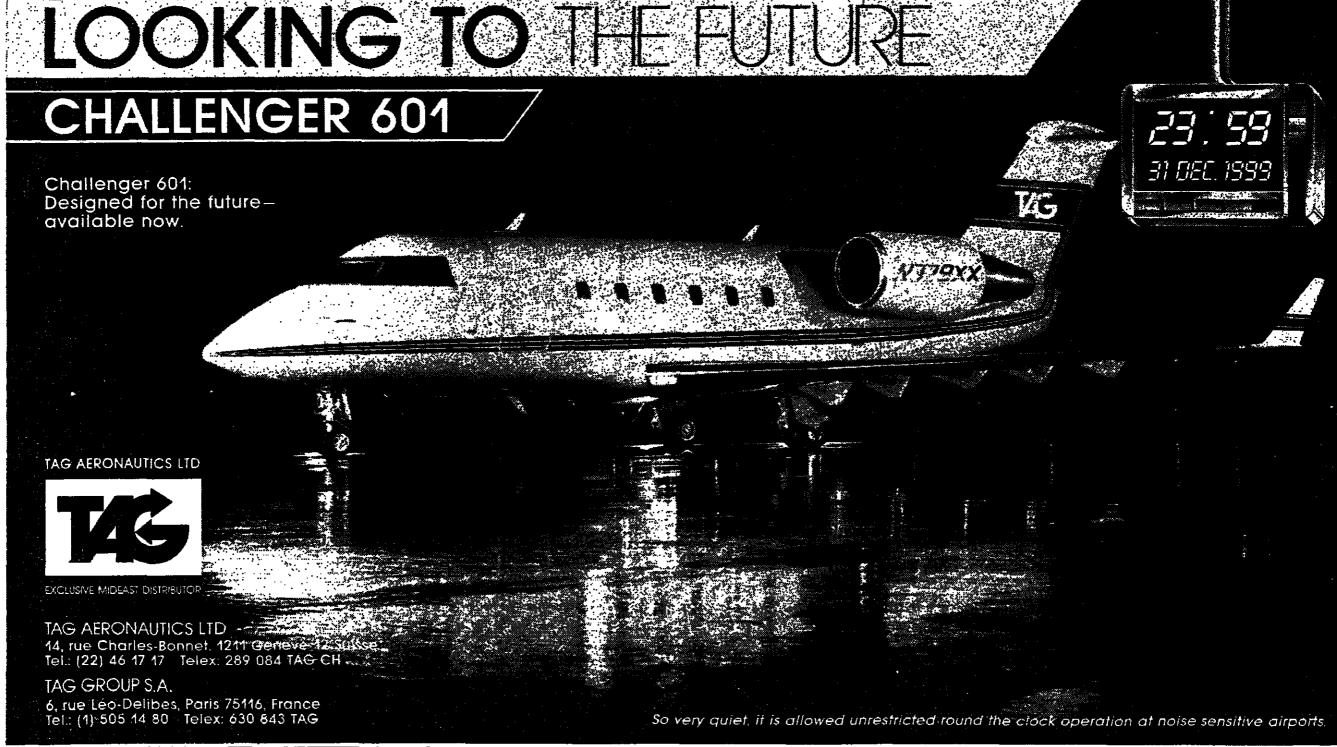
The visit will give Shultz his first opportunity to review with Mr Joe Clark, Canada's new Foreign Secretary, disputes be-tween the neighbouring nations that arose under the Liberal governments of Mr Pierre Trudeau and Mr John Turner. The Tory Government led by

Mr Brian Mulroney, Prime Minister, elected in a landslide last month, has pleased the U.S. by moving quickly to bolster

mising to revise nationalistic investment policies. However, there is no indication of any movement on the impasse on acid rain. Canada is pressing for immediate cuts to smokestack emissions in the

U.S. midwest. The U.S. insists more study is needed. Acid rain "is first and foremost of our agenda," said a Canadian official. "We feel the time to move is now."

A U.S. diplomat said he did not expect any progress on the acid rain dispute, but he said the U.S. is eager for signs of progress on other issues. "We progress on other issues. "We want some positive results out of this meeting," he said.



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## Ways of detecting cracks in the pipeline

BY IAN HAMILTON-FAZEY

Warirngton-based SGS Sonomatic, which specialises in
ultrasonics applications. The
methods will use a small robot
developed by Sonomatic to
operate remotely in hostile

hopping that the tracks which
specialises in
duce an effect comparable to
waves, so that some will take
microseconds longer to reach
the receiver. The phenomenon
is known as time of flight diffraction. developed by Sonomatic to operate remotely in hostile environments and will enable exploitation of Zipscan, a specialised data processor developed by the Atomic Energy Research Establishment at Harwell.

The Sonomatic to to operate remotely in hostile deep in the methods are uncertain because the cracks are deep in the methods are uncertain because the cracks are deep in the method at intergranular level and tiny.

Apart from that, the environments concerned are so hostile Present methods of

Zipscan's most high profile finding the cracks power industry to detect stressthe pipework of boiling water reactors. The faults develop with use because of a chemical reaction between cooling water and the steel pipework and pumps it passes through. The process is known as intergranular stress corrosion crack-ing (KSSCC).

and size the cracks, a marked distribution of the scanner—advance over what happens at which both transmits and represent, when sizing is almost impossible and these impossible and the contract the protective gear.

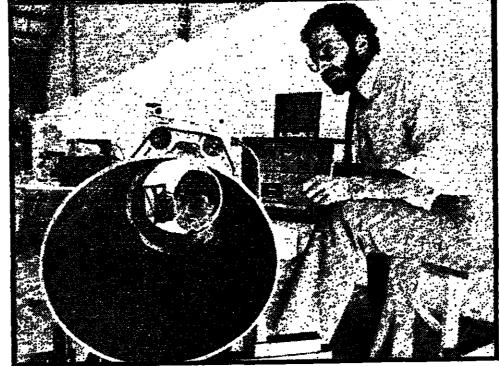
Present methods of duced corrosion cracking in include X-ray techniques or hand-scanning pipework with ultrasonic

> that there are high prospects at a slightly incorrect angle

NEW mechanised non-destruc-tive testing methods will be introduced into the U.S. by the Warrington based SGS Sono-Warrington based and send-work with ultrasonic waves and hoping that the cracks will pro-metical and receiver and send-ing the ultrasound through the metal at an angle. If there is a hoping that the cracks will procrack, its tips will diffract the waves, so that some will take

> Zipscan's advanced comput-ing techniques enable this time separation to be measured and several electronic pictures to be drawn from different eleva-tions, pinpointing the position and size of the crack. This can then be assessed for danger. In most cases, there will be none, but the progress of the fault can then be followed so that maintenance can be carried out

Human error has been eliminated by the way Sonomatic has turned Zipscan, which was really a laboratory instrument built around a powerful LSI 11 computer, to practical use by developing a robot called MIMIC (miniature mechanical inspection crawler). This is fastened to the pipework or plant under inspection (a quick in-and-out in protective gear) and then crawis about under



Mr Bill Browne (left) and Mr Danny Constantinas of SGS Sonomatic using a nuclear fault finder which hunts for hidden cracks in vessels without the need for humans to endanger their lives

also considerable market poten-tial for the equipment in the aerospace industry if it is en-hanced with a high frequency

In September Mr Bill Browne, the company's technical direc-tor and general manager, has hanced with a high frequency digitiser to increase the working range of ultrasound. This makes Zipscan ideal for inspecting thin materials and composite structures where accurate the entry of Quality measurement of faults is conference of the Comtrol in Lac Vacca.

Electric Power Research insti-tute shortly. This will be the green light for a team of engi-neers and technicians to tour the U.S. with a fully equipped mobile laboratory to promote the technology and provide ser-vices for actual inspection of

Computing

#### **Factory** automation

DIGITAL Equipment (DEC), the world's second largest computer manufacturer has launched a three-part soft-ware set for factory auto-

It claims it is the first software product from a major manufacturer designed to in-tegrate industrial controllers

Key to the new software, called "Baseway," is a hardware/software communications device which can be run en one of DEC's large VAX minicomputers and which provides a link or gateway between the computer and programmable machines on the factory floor.

The sateway is connected

The gateway is connected to the machines by an appli-cation software bus and there is software to support the

is software to support the intelligent controllers.

Prices for the product set are \$4,000 each for the gateway and the programmable device support, \$18,000 for the applications software bus.

Users will need VAX 11/ 750 and PDP 11/24 computers; the product will be shipped first next January. we think ahead

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## Video & Film



aril dhari amman athèng bahran bangrok berit bombay caro colombo deihi dhahran dhaka doha durai hong kong jeddah karachi xhartoura kuwat larnaca london manela muscat paris ras al kharnah biyadh salalah sharlah tunis

DAWN OF A GOLDEN AGE

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And of course you can continue to Service to give you traditional Arabian hospitality. For the Gulf Air traveller, this is truly the dawn of a Golden Age."



## Video shrinks to woo consumers

BY JOHN CHITTOCK

THE WORLD'S first consume videotape recorder — demon-strated to the Press but never actually launched commercially —was British. It has been developed by a small company called the Nottingham Elec-tronic Valve Company and, under the name Telcan, was shown to a disbelleving audience in the early 1960s at the Waldorf Hotel in London. The audience was disbelieving because, until then, few seriously believed that a tech-

In fact, it did work, although not very well. But it was one of the early signals that videotape recording was on the way down-in size and price. Now, after over a decade of domestic VCRs in boxes of an unchanging size and shape, smaller ones are on the way.

estic audio-tape recorder-

The move towards miniaturisation has already been witnessed in the shops with Sony's Beta Movie—the so-called cameorder which brings a small video camera and Beta videotape recorder into one compact unit. JVC's answer to this, using VHS cassettes, is now just becoming

developments are logical if the home movie mar-ket is to take off. But until recently not much attention has been given to the introduction of smaller and cheaper VCRs. A first step now comes with the U.S. introduction planned by Technicolor of a low cost play-back-only VCR at \$299. Another playback machine from Taiwan is allegedly on its way with a wholesale price of only \$79.

Playback-only machines are not new, but the idea looks like catching on. In countries where broadcast television services are of very poor quality and not widely available, the record facility is of doubtful value. And in the West, there would be no shortage of industry pressure groups—such as the programme copyright owners—who would dearly welcome the elimination of the record elimination of the record

One U.S. report claims that Taiwanese playback - only machines already exist in prototype form which are little larger than the videocassettes that go into them—the video version of the Walkman. At least already a new set of least already a new set of initials is entering the vocabulary-VCP, for Videocassette Player.

miniaturisation may seem more of a gimmick than the Walkman. Who could seriously contemplate walking along the street watching a block of recording medium such a silly idea? Epson and Before that becomes a commersome other manufacturers have been pursuing the notion of portable TV displays that pro- ventional television screens vide the visual equivalent of

This technology is not exactly new. It derives from the socalled "head-up" display used The same idea has been used recorder.

with video discs on aircraft servicing—the engineer wears a helmet with a head-up display attached so that a view of a miniature TV screen is con-veniently "projected" in his field of vision; at any time he can call up servicing informa-tion from a remotely located

video disc player by plugging in to any one of a number of jack sockets around the aircraft. young population of daydreamers on the streets watching TV movies as they go about as did the notion of the audio Walkman. But not only could it happen; it probably will.

uses which are much more serious for miniaturisation. Before the arrival of video, 8 mm film was a useful tool for nology as complex as videotape 8 mm film was a useful tool for recording would operate on the travelling salesman—armed equipment no larger than a with a suitcase which opened up to become a desk-top back proecome much more the industr edium in place of film, some hybrid equipment has become available combining the VCR with a built-in TV screencompact and light enough for a salesman to carry,

The latest version, due to be launched this month by Bell & Howell in Australia, is a VHS playback unit incorporating a lightweight 34 cm colour TV receiver. The market of Course is the traveling salesman and also training. Rapid search and slow motion facilities have been retained in the video unit, so that flexibility in demonstrations is still retained.

The same thinking is spreading to the video disc player. Ever since its introduction, the Philips LaserVision system has always had the capability of handling smaller discs, and handling smaller discs, and many programmes have been made using only 8 in discs instead of the usual 12 in. The prospect of a smaller player for 8 in discs is thus inevitable, even for use in cars. Again this seems absurd, except for the occasional Rolls Royce which has everything. But in the U.S. Chrysler have demonstrated an in-car navigational system which relies on video discs to provide map displays—so there are practical benefits.

nology of LaserVision is very similar to that used in the new audio CD systems, the next disc player which can also replay CD audio discs.

The confused consumer might well ask where it will all end. There is plenty of room for further innovation and no doubt such developments will personalised head-up display provides a convenient basis for stereoscopic television—viz, by allowing the use of separate left

miniaturisation however is the solid state VCR (or VCP). In small TV monitor? But is it which is scanned electronically. cial reality, however, there is plenty of scope for making conmore compact - and manufacturers all around the world are still trying to erack that

One obstacle will always in fighter aircraft—where the remain. As the equipment gets pilot sees an aerial image of smaller, so do fine controls his instrument panel, floating Eventually, a point is reached on the windscreen ahead (thus where the final chillenge is to avoiding any need to divert his make the user's fingers smaller. gaze to the instrument panel). Enter then the voice operated

#### WORLD TRADE NEWS

## Nigeria tries to dispel confusion

By Patti Waldmeir in London

Chits

NIGERIA has moved to dispel mounting confusion over new import inspection procedures introduced on October 1, announcing measures aimed at restoring exporters' confidence and persuading them to resume shipments, which have slowed to a trickle in the past

In a circular issued on Friday in Lagos, the Central Bank of Nigeria gave what amounts to a blanke guarantee to commercial banks that they will be reimbursed for honouring confirmed letters of credit covering specified categories of essential goods until November 15, even if the banks cannot produce the inspection certificate pre-

viously required for payment.

The central bank has authorised commercial banks in Nigeria to de-lete the requirement of a so-called clean report of findings" from SGS, the Swiss import inspection company dismissed a fortnight ago, from confirmed letters of credit covering shipments of food items, drugs, pharmaceuticals, spare parts, raw materials and basic chemicals.

The goods must still be inspected by a team of government officials in Lagos, but a clearance certificate from the team will no longer be required for payment, which must be egotiated no later than November

The above arrangements will ap-ply only to the relatively small volme of goods which have already been shipped to Lagos for destina

#### Greek sewerage contract awarded

ATHENA, a unit of the Archirodor k construction group, and joint ature partner Raymond of the U.S. have won a contract to build a \$10bn sewage transport treatment and disposal project for Athens.

This makes clear the deal was won against competition from Cibi-Montubi of Italy, Costain Civil Engineering of Britain and Sarantopou-los and London Marine, part of the Costain group. A Financial Times report of October 15 incorrectly indicated that the Italian and British group were also sharing in the con-

## Midwest states join Thais increase to attract investment

BY FRANK GRAY IN LONDON

THE STATE of Minnesota is speartern states.

Mr Rudy Perpich, the state govertrade and investment mission, said yesterday the state was taking the lead in establishing a consortium which would give the region greater control over high-technology devel-

The consortium members would consist of state government, uni-versity, labour and industry representatives from Minnesota and eight other states in the region. It

Mr Perpich stressed that the region was anxious to "stop giving high technology away." The Uni-versity of Minnesota, for example, had perfected technology to bring a 33 per cent iron ore up to 65-67 per cent iron content. Local companies then went into the marketplace and

The state hoped that as a result heading a novel drive to attract for- of the consortium arrangement, to eign investment to the U.S. Mid- be finalised next month, the group of states would be able to exchang technology of which it had control nor, who is in Europe leading a with other nations either through licensing or joint ventures.

> It is focusing in the iron ore field on deals with Britain and Japan. Other areas under study are in me decinye, mosquito control, de-icing technology and rust control.

Minnesota opened an office in Stockholm last year and plans others in Oslo and in the Far East.

would use the data base provided by Minneapolis-based Control Data Corporation, the U.S. computer year of a world trade centre, which will house the export facilities of some of the major international trading companies in the state, as well as those of foreign companies including Mitsubishi of Japan.

City officials are to meet Dutch transit authorities later this week to discuss expertise required for a found competing interests using the major urban transit system technology. planned for Minneapolis-St. Paul.

## import tariffs on 'luxuries'

By Boonsong K'Thana

THE THAI Finance Ministry has announced selective increases in import tariffs for what it terms nonessential and luxury goods ranging from automobiles to fish, in a bid to cut the country's heavy trade and pay deficits and improve local industries' competitive edge.
At the same time, import duty on

some items such as computers and components has been reduced to spur local industries, while export ax on a few commodities including rubber and leather has been cut or waived to promote exports.

ective on October 9. ● Leo Gonzaga in Manila writes: The Philippines Government yesterday removed chicken, eggs and hogs from the list of commodities subject to price control in line with a recommendation of the World Bank, which recently granted a \$150m loan for the country's agricultural sector.

Sr Salvador Escudero, the Minister of Agriculture and Food, had earlier indicated that there would be complete decontrol in order to in-

## Japan's Indian pipeline hopes upset by Brazil

LOW-PRICED tenders submitted by Brazilian and South Korean companies for India's proposed 1,280 km natural gas pipeline have upset plans for Japan to be given orders for most of the southern half of the \$1.2bn to \$1.7bn project.

have submitted a bid of about loans. \$220m for supplying pipe. This is thought to be more than 30 per cent below rival prices from a Japanese group led by Sumitomo and Euro-Steel.

The problem being tackled by India's finance and petroleum minis-teries is how to make maximum use of the low offer from Brazil, whose technology is based on Sumitomo processes, while also making use of \$220m of Japanese aid available for the project over the next three

The Japanese aid can be used to buy from Japan, India or from de-veloping countries, which include

has made it clear informally, how-sortium Stie-Cabag Toyo, and a ever, that it expects a large slice of similarly high figure from Germanthe orders.

West Germany is willing to provide \$60m in aid, half on interest of 0.75 per cent over 50 years, and Italy is finalising proposals for \$15m of Interbras of Brazil is believed to soft loans and \$15m of commercial

> etti group have faded because the Indian Government is at present inclining towards placing a series of individual supply and construction almost fully committed for the next contracts instead of one turnkey or couple of years because of expected der. The World Bank is likely to of-

fer \$200m of aid.

week when bids were opened for ment is persuaded to use its general laying the southern half of the pipe- aid-for-trade budget to match finanline from Hasira near Bombay to cial suport being given by other Guna. These showed that the main Japanese consortium, led by Marubeni with NKK, was one of the

Brazil. The Japanese Government \$130m from French-Japanese con-UK consortium Mannesmann-

The pipeline will take natural gas from the Bombay high oil and gas field diagonally north-east across India to a point 200 km east of New Italy's hopes of winning a major Delhi. It is scheduled to be completslice of the work for its Snamprog- ed in stages between one and three

The UK's aid allocation to India is expenditure on a power station and helicopters, so the UK will not be Japan's problems worsened last providing aid unless the Govern-

There is no sign yet that the Govhighest at about \$139m compared ernment believes bids submitted by with \$100m from Hyundai of South British Steel and construction com-Korea, \$115m from Dodsell of India. panies justifies such support.

#### Japanese car exports set fresh record

TOKYO - Japanese vehicle exports are thought to have hit a six-month record of 3.13m in the first half (April/September) of fiscal 1984, gainst the previous record of .86m in the same period a year earlier, industry sources said

The total included 509,025 exported in September, up from 469,153 in August and 462,031 a year earlier, they said.

Toyota Motor and Nissan Motor. Japan's two largest car makers, have announced their export figures, and national totals will be announced later this month.

Toyota said its first-half fiscal 1964 exports rose 12.3 per cent to 935,821 from 833,254 a year earlier, while Nissan said its exports fell 1.2 per cent to 708,062 from 716,662.

The Toyota total included 465,416 vehicles shipped to the U.S., up 24.1 per cent from a year earlier and 94,186 to the European Community, iown 8 per cent.

Nissan exported 334,496 to the U.S., up 4.5 per cent from a year ago and 121.735 to the EEC, down 12 per

David Buchan reports on UK successes in the declining markets of Eastern Europe

## Britain bucks the trend in trade with East bloc

BRITAIN IS again bucking the 1984 harvest might be even general trend in East-West worse than the 1983 one, and trade, but, instead of the UK the need to conserve cash to trade, but, instead of the UK share shrinking, as it did steadily in the 1970s, it is now growing. So far this year, UK exports to, and imports from Comecon have risen much faster than those of other indus-trialised Western countries with

The big export success has come in the Soviet market, where UK sales rose 47 per cent in the first eight months of this year and which accounted for over half total UK exports to on. This contrasts very sharply with the 16 per cent decline in overall Soviet imports from the developed

West in the first half of 1984. The overall cut in Soviet purchases from the West earlier this year is more easily explicable, in terms of stagmant

meet a grain import bill this autumn.

The greater curiosity is the UK export increase, though Mr Nikolai Patolichev, the Soviet trade minister, gave Mr Paul Channon, the UK trade minister, grounds to expect stepped-up Russian buying of British goods when they met in Moscow in May. To some extent the increase

is distorted by commodity speculation (Soviet purchases of non-ferrous metals on the London exchanges) and the residue of past success (UK fulfillment of its part of the Siberian pipeline contract is still swelling the size of its power generating machinery sales to the Soviet Union).

**UK TRADE WITH EASTERN EUROPE** 

	UK imports Jan-Au	g. 1984	UK exports	JanAug. 1984	ļ
	(£ ms)		(4	ms)	
Soviet Union	482.6 (434.2	)* .	463.6	(314.5)	
East Germany	132.7 (121.5	)	58.2	( 32.4)	
Poland	177.3 (116.4	)	0.807	(102.4)	
Czechoslovakia	76.7 ( 68.8	)	50.6	(42.6)	
Hungary	44.1 ( 32.8	)	63.4	( 52.2)	
Romania	127.3 ( 40.4	)	46.1	(49.4)	
Bulgaria	9.2 ( 7.5	)	33.1	( 27.9)	

Figures for Jan.-Aug. 1983...

larger British companies appeal interested in refurbishing their to be mounting a more consistent export drive, with new opportunities opening up to two in particular.

ICI is currently negotiating a deal to turn methanol into

deal to turn methanol into six East European members of "pruteen" cattle feed, deepen- Comecon has been more modest, explicable, in terms of stagnant None the less, the export ing its agro-industrial involve an increase of 13 per cent in and oil, as part explicable, in terms of stagnant None the less, the export ing its agro-industrial involve an increase of 13 per cent in and oil, as part exports, some foreknowledge market seems to be fairly ever in need of help with its though better than Western trouble in the atthat due to inferior seed the broadly based in particular, the farming. The Russians are also competitors which increased Western credit.

Predictably, some of the 46 per cent rise in UK imports from the six East European

August this year is due to increased Polish coal shipments during the British miners' strike. For instance, Poland has shipped £38m worth of coal to the UK in Jararary-July 1984, compared to £20m in the whole of 1983.

But it is less balanced. The main

increase has come through grain

sales to East Germany, a slightly puzzling fact since that

country, never free with information, was thought to

have had a reasonable harvest this year and last.

Less predictable was the threefold rise in Romanian exports, primarily of aluminium and oil, as part of its demonic drive to export itself out of debt

factors East European exports to the UK would have been nearer the 7 per cent growth in the region's total exports to the

One year's figures do not make a sustained recovery in UK-Comecon trade, particularly after so long a slump. But if the general economic improvement in Eastern Europe continues, if the Soviet Union can sustain its hard currency earnings chiefly from energy, if the bigger British companies exploit this difficult market as only the larger organisations can, if some new lines of business are developed (such as possibly sell-ing Eastern Europe quieter air-craft to meet new international noise standards), if the UK keeps its novel position of modest grain exporter to for short Comecon—if all this hap-pens, then Whitehall officials

are definitely bullish over the future.

#### French deficit with Comecon rises sharply

By David Marsh in Paris

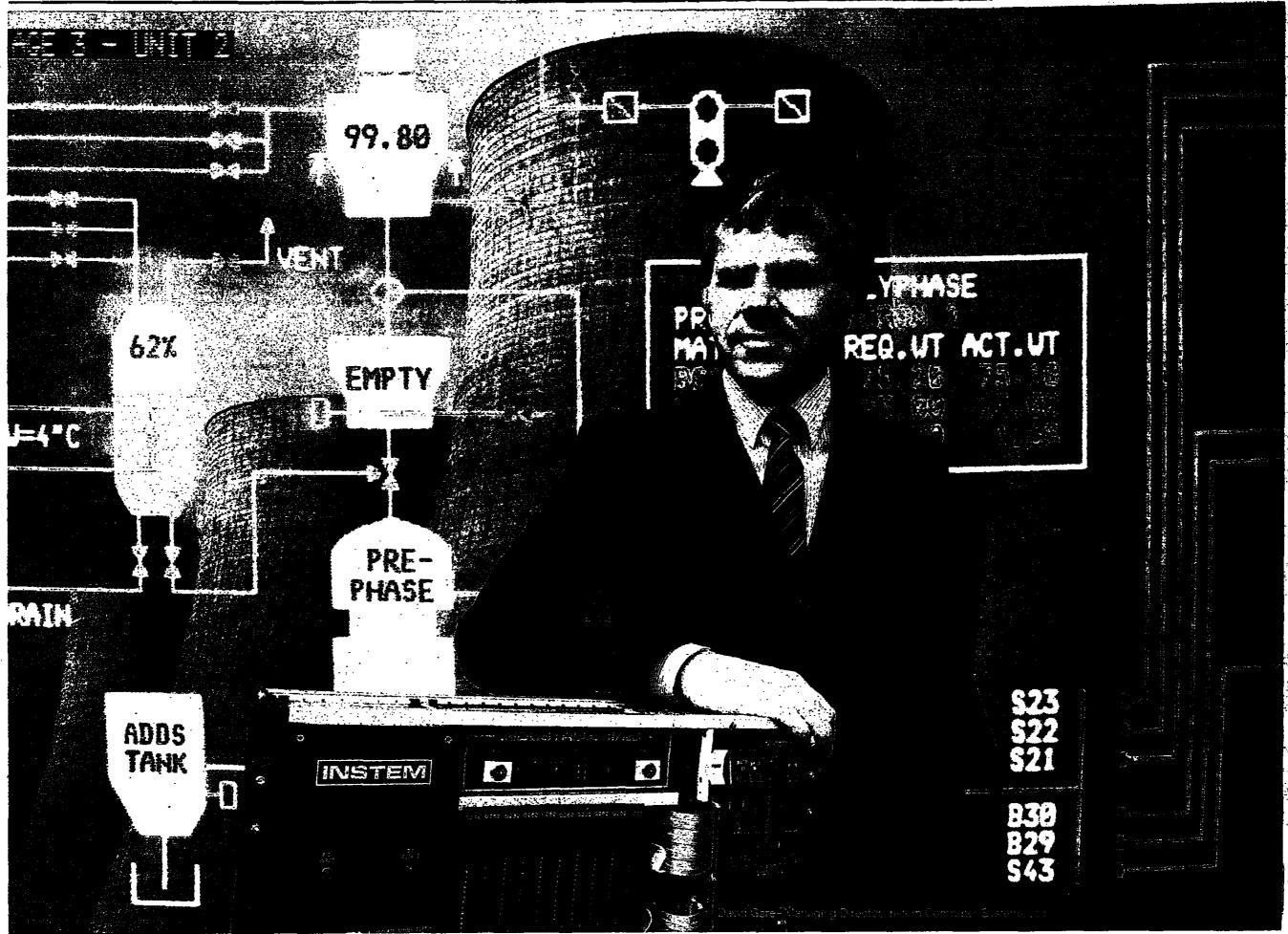
FRANCE'S trade deficit with the Soviet Union and the East bloc is starting to rise sharply again, climbing to FFr 4.7bn (£403m) in the first balf of 1984 from FFr 5.4bn in 1983 and FFr 9.8bn in 1982.

The French Finance Ministry, in a study of French trade with Eastern Europe, blames the slippage largely on a sharp fall in large industrial contracts, with the East bloc, which stumped to only FFr 1.6bn last year from FFr 6.5bn in 1982 and FFr 8.7bn in 1981. The value of large deals — on which France has traditionally for an essential part of East-West trade — recovered to FFr 1.4bn in the first half this

Large industrial projects agreed with the Soviet Union totalled only FFr 600m in the first half against FFr 1.30m in 1983, FFr 4.9bn in 1982 and FFr 7.4bn in 1981.



# THEENTRENEUR



As the end of 1982 approached, physicist-turned-businessman David Gare realised he had a big problem.

Although he was managing a highly successful Staffordshire computer systems company, he felt his American parent, Kratos Inc., were becoming increasingly remote.

They had problems of their own, and couldn't spare enough time for the young, growing offspring far away from home.

Gare proposed a management buy-out. Kratos were receptive, but imposed a time window on the deal. They told him that if he came up with a proposition within one month they would consider it. That was two weeks before Christmas.

He needed a financial partner with quick reflexes.

Gare says, "I wanted someone who could work in the fastest, most flexible way possible-and also be able to negotiate with an American parent with an understanding of how the Americans thought. I called the five biggest financial companies of different types I could think of, just to get a reaction."

There was no shortage of suitors.

Four of the five could have done a deal. Two of them wanted Gare and his colleagues to take what they felt was an unacceptably high immediate personal risk in fees for putting the deal together. Another couldn't react in time.

That left Citicorp Venture Capital.

Unlike the others, they would not only put up the money, but also offered to take on the negotiations with the parent company, which is often difficult for current management to handle themselves in a buy-out situation.

"Ultimately, I chose Citicorp because they were the people most likely to conclude the most satisfactory deal in the time available," says Gare. "Their whole style is to make it easier."

Crucially, the specialised engineering group, Dobson Park Industries plc, required little persuasion to take a major share in the new company-now called Instem-because they saw a chance to gain ready access to knowledge in computer-based applications, plus a useful stake in a growth business.

With its ability to custom build high quality electronics involume quantities, today Instem is a supplier of computer related products and systems for data acquisition, and monitoring and control to important sectors of the UK economy-including energy, water, steel-as well as science-based multinational companies.

Are you an entrepreneur? Here are some things you should know about Citicorp Venture Capital (CVC).

★ Since starting up in the UK three years ago, we have invested in over 30 companies which now have a total annual turnover of over £230 million.

★ We undertake two main types of venture capital financing:

"Replacement Capital" to buy-out existing shareholders and substitute a new capital structure.

This includes management buy outs:

This includes management buy-outs; acquisitions and mergers; and making a public company private.

"Expansion Capital" to finance the further development of a successful company, particularly during the early phases of accelerating growth.

- \* We are planning to invest over £100 million in venture capital in Europe in the coming years.
- \* We look only for a minority equity holding, because we believe that the operating management should be motivated by substantial equity ownership.
- \* We are more interested in the future cash flow potential of a company, and attach less importance to the "borrowing base," often called "security." Our aim is to invest in companies which will become successful.
- \* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.
  - \*We are prepared to take a long term view of

investments, and will help determine the exit route most suited to the requirements of the company: the USM, the sale-on of the company, a repeat buy-out of our equity by the management, or a Stock Exchange listing.

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- \* CVC's professional staff come from general management, technology, and manufacturing, as well as financial backgrounds. They are therefore able to understand the entrepreneur's business and investment needs, and can contribute continuing assistance and expert advice on the company's development.
- \* We have access to the international network of Citicorp, one of the world's largest financial institutions, with European venture capital offices in Paris, Frankfurt, Milan and London.
- \* For particularly large investments, we can assemble and lead a syndicate of investors.

6 Senior CVC executives give the impression they are professionals in a rather amateurish market. Their 'modus operandi' is based on the phenomenally successful venture capital offshoot of the mighty Citibank. 39

Financial Weekly

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BUOYANT RETAIL SALES HELP TO LIFT GLOOM OVER ECONOMY

## **Industry** output dips to 2-year low

BY OUR ECONOMICS STAFF

BRITAIN's level of industrial output fell to its lowest level since the nd of 1982 in August as the miners' strike continued to depress coal production. The underlying level of output has been downwards all

Output fell by 0.2 per cent in August compared with July and the fall in the three months to August was 1.3 per cent.

However, the output of manufacturing industry, which has not been greatly affected by the miners' strike, bounced back in August after a bad slide in July. This means that in the three months to August manufacturing industry increa its output by about 1/2 per cent over the previous three months. In the retail markets, the level of

spending in shops recovered sharpmber to a new record, eccording to provisional estimates published by the Department of Trade and Industry.

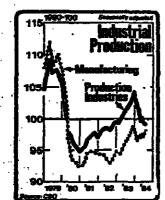
They showed a 3 per cent rise in the volume of retail sales compared with a depressed figure in August. The index of retail sales for Sep-

114.5 (1996 = 100).

The average level of sales in the third quarter is estimated to be 3.7 per cent above the level a year ear-

Latest figures suggest that the consumer boom is not yet exhausted, in spite of the rather flat figures during the summer months which suggested that this might happen.

ing output picture shown in the August quarter is still far from good, however. Manufacturing output has been more or less flat all year, after a substantial recovery last year; for the Government is the extent to



and the output levels are still some

The figures reflect the decline in business confidence which has been reported since the summer, particularly by the Confederation of British Industry. They also highlight the importance to industry of a fall in interest rates which the Government agrees is justified on internal he index of retail sales for Sep-ember is provisionally estimated at 14.3 (1860 106). The index of relative sur-rounding foreign exchange mar-

The figures published by the Cen-tral Statistical Office show the index of output for the production industries at 99.1 in August (1980-100, seasonally adjusted) compared with 99.3 in July and 190.4 in June.

The index for manufacturing in-The more cheerful manufacture dustry, which excludes coal and other energy sectors, was 98.1 in

Retail Sales

which so many sectors have per-10 per cent below the 1978 and 1979 formed flatly or poorly during this levels.

formed flatly or poorly during this year. The engrav division's index has fallen sharply during the year from 120 in January to 102.0 in August, its lowest level since the first quarter of 1981. This is mainly due to the miners' strike but also, latterly, to depressed oil and gas produc-

> Ontrot in the consumer goods sector has been flat all year and remains at about last year's average level. Output by companies making goods for capital investment is slightly up on the beginning of the year and about 2 per cent ahead of the average for last year.

> But output of intermediate goods such as small machinery parts and components, has been declining eadily all year and fell a further 2.5 per cent in the three months to

sentially gloomy set of figures is in per cent on the August figure the chemicals and man-made fibre The indications are that the sector. Output has improved each ant conditions continued into this quarter since the end of 1982. Au- month.

gust was an exceptionally good month with a jump in output of 6 per cent over the previous month. Monthly output figures tend to be inconsistent and erratic, but on a three month basis chemicals and fi-

bres have improved by 1 per cent in

each of the last two periods. The still-buoyant retail sales will. however, be welcomed by the Government which is anxious that the pace of recovery should be sus-tained as the economy moves from the first phase - of rising consumption to the second which it hopes

investment and exports. One of the disappointments of the recovery so far is that increased spending has by no means been fully reflected in rising output and

will be characterised by increased

 Selfridges, the large Oxford Street, London store, said its sales by value in September were up by 22 per cent compared with the same period last year.

Retailers generally, believe that there has been a resurgence of confidence among consumers who are in employment and whose stan-dards of living continue to rise.

This reinforces the view that the initial concern over the long-running miners' dispute, which depressed sales during the summer months, has now been replaced by some measure of optimism.

of the country, the tourist trade re have a marked effect on opinion mained buoyant in September - amon against the normal trend - while MPs. consumer applications for credit in The only real bright spot in an es- that month were ahead by about 2 The indications are that the buoy-

Lex, Page 18 | ecutions would create IRA martyrs. | said those who used violence to ed in the coming months which will nies.

## **Thatcher** calls for death penalty

CONSERVATIVE MPs who are sing for the reintroduction of the death penalty after the Brighton bombing won support yesterday from Mrs Margaret Thatcher, the Prime Minister.

In her first interview since escaping the IRA assassination attemp on Friday, Mrs Thatcher said those who were prepared to kill forfeited the right to their own lives. Four people died in the explosion.

"I believe that the death penalty should be used only very rarely, but I believe that no one should go out certain that no matter how cruel, now vicious, how hideous their murder they themselves will not suffer the death penalty," she said. Her insistence that execution

should be rare and applicable only to some forms of murder is likely to encourage those MPs who favour restricting the death penalty to terrorist murders. It could improve the chances of a limited Bill passing the House of Commons.

Mrs Thatcher has voted consistently in favour of the death penalty whenever the issue has been debatwere her most explicit since becom ome measure of optimism.

In London and many other parts with the deaths at Brighton may among moderate Conservative

> Inevitably, they will weaken the position of Conservative opponents of the death penalty such as Mr Jim Prior, the former Northern Ireland Secretary, who has argued that ex-

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

## British Shipbuilders signs deal on technology with Mitsubishi

BY ROBERT COTTRELL IN TOKYO AND ANDREW FISHER IN LONDON

of the world market, has signed a part of the world's largest ship- and productivity methods.

Mitsubishi Heavy Industries said yesterday it had agreed to supply a wide range of interests," BS said, had an agreement with IHI on technology to BS, although it emphasised that the details of co-oper-Mitsubishi, which has shipyards expired. ation had still to be fixed.

The agreement does not go as far build ships under licence from the computer-aided design and manu- far resulted.

BRITISH SHIPBUILDERS (BS), Japanese builder. BS said both facturing - BS has invested heavily the state-owned concern which is companies saw a potential for co- in these areas and claims to be fighting to curb heavy losses and operation beyond the scope of the among the world's most advanced now accounts for barely 2 per cent initial agreement with Mitsubishi, shipbuilders in use of such sytems -

of the world market, has signed a particle of the world market, has signed a sum-technology deal with a leading Jap-anese shinbuilder.

Mitsubishi said it signed a sum-lar contract with Todd Shipyards of the U.S. last June. BS previously towards bilateral co-operation over the U.S. last June. BS previously

in Nagasaki, Kobe, Hiroshima and Shimonoseki, said engineers from Wolff, also state-owned and lossas that which the Belfast shipbuild- both sides would discuss next making, allows the Belfast concern er, Harland and Wolff, signed nearmonth which areas of technology to build multi-purpose cargo ships ly a year ago with Ishikawajima-should be highlighted. Harima Heavy Industries (IHI) to Areas likely to be covered are range, although no orders have so

## Indifference to jobless denied

BY OUR POLITICAL STAFF

MRS MARGARET THATCHER, achieve their aims were the real stress the Cabinet's concern for the the Prime Minister, yesterday extremists. brushed off criticism of her Government's economic policies by Church of England bishops and insisted that she was as concerned about said. unemployment as anyone else.

frontation with the church by explicitly questioning the right of bishops to comment on political mat-

Speaking on television, she set the tone for an autumn campaign by the Government to counter suggestions that ministers do not care

about unemployment. The Prime Minister insisted that of unemployment and poverty. her policies were not in any way extreme and that they had not polaerence to the miners' strike, she

"Violence has to be beaten. Other-

Party leaders were most stung by a series of critical speeches by Anglican bishops, culminating in an at-tack by Dr Robert Runcie, the Archbishop of Canterbury, on the effects

Mrs Thatcher's remarks indicate that the Government's reaction will rised the country. In an obvious ref- take a positive form. A series of

The Prime Minister said the bishwise what is on the rack is not a po-litical party, it is democracy," she there was a ready answer to unem-said. The there were ready

Mrs Thatcher's comments reflect answers we would be the first to Mrs Thatcher also courted con- Tory concern that the opposition find them. First because we are as parties have had some success in concerned about things as those portraying the Government as in- who express these opinions, and different to the plight of the unem- second because of we had ready answers it would probably be the very best political thing to bring them out.

> Mrs Thatcher said neither she nor her critics could "conjure up" 3m jobs. But, as evidence of government efforts to reduce unemployment, she drew attention to the system of regional grants, subsidies to ministerial speeches can be expect- to technically innovative compa-

#### Shorter work hours trend

By Our Labour Staff

MORE EMPLOYEES are being asked to work aborter working hours spread throughout a year rather than over a working week, according to a new survey pubished today of working time.

The survey, carried out by the in-dustrial Society, shows that more employees are being asked to work a 1,770-hour year; rather than a basic 39 or 40-hour week. The acciety says that the survey's esuits - based on looking at about

100 companies - allow employers to plan their manpower ahead to fit in better with busy times of the year From the employees' side, the so-ciety suggests that such an arrange-ment of working hours can lead to both better basic pay and longer

holidays.
While the survey shows that habitual overtime is being reduced, many managements still feel that overtime remains the most costeffective way of handling peaks in

New figures from the Govern-ment, published in its 1984 New Earnings Survey, show that, on everage, male manual employees work a 39.2 hour week - but top it up with an average 5.1 hours of

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## Picket on Vauxhall

which has hit production of the new Astra model in which the company

the centre piece of its display at the

☐ THE CONCEPT of a U.S.-style Securities and Exchange Commission to regulate Britain's financial community was firmly rejected by Mr Alex Fletcher, Minister for Con-

jor policy statement which he will make later this week about the future regulation of the City of London and the possible policing framework which will be needed in the financial community.

largest supplier of motor filters in the UK with £20m annual turnover and a 25 per cent market share.

continue to supply both T&N's Coopers and AP's Lockheed brands ☐ BRITISH CALEDONIAN is sus-

pending its air service between Missouri, from October 28 because of insufficient demand. The airline said traffic on the route had not in-

power supplies to coal from oil this tary, said. He added that the Gov-Gas Corporation to curb its present drive for more industrial customers even though Whitehall Invoured greater coal burning and offered

☐ A 78,000-ton tanker was pulled off rocks at Milford Haven, West Wales today, without any leaks from its cargo of North sea crude. The Matco Avon hit rocks at St Ann's head and was aground for an hour before being pulled clear by

IJ ENERGY Secretary Peter Walk-

about 7.5 per cent. The other main plant at Luton, Bedfordshire, is also on strike over the same offer.

He was speaking ahead of a ma-

to end its losses on the Newhaven-Dieppe route and boost the opera-

grants for switching to coal.

# imports

VAUXHALL workers at Ellesmere

motor show which opens in Bir-mingham this week.

ports of Harwich, Dover, Felixstowe

and Sheerness. Vauxhall's rejected offer is worth

tion to Belgium. From next March, French Railways (SNCF) will run the service from Newhaven.

The new joint venture will be

London (Gatwick) and St Louis creased, in spite of efforts to develop it.

□ ABOUT 1,000 companies have been deterred from switching their

year because of the miners' strike, Mr Peter Walker, Energy Secreernment would not tell the British

er's drive to get Britain to save energy received a boost with the launch of a £2m advertising campaign. Newspapers and television will carry messages telling house-holders, local authorities and industry to "lift a finger" and point the way to where energy savings can be

Port, Cheshire, yesterday voted to continue the week-old pay strike

has invested C50m.

Vauxhall sims to make the car

Workers from the Cheshire plant have mounted a dockside picket at Hartlepool, in the north east of Encentres for vehicles brought into the UK by General Motors. A similar operation is planned for the

sutter Affairs.

CONTROL OF SEALINE UK, now owned by Sea Containers, has reshuffled some of its cross-Channel services

A MERGER of filtration businesses of Turner & Newall and Au-tomotive Products will create the

called Coopers AP Filters and will

a few percent. It includes such things as Thomas Cook-Rennies

Rennies — finding strong and sustained growth in the services sector

Charles Fiddian-Green, chairman of Rennies Consolidated, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of

Rolfe: You are now controlled by the Old Mutual -what effect does this have on you as a group?

Fiddian-Green: In practical terms, they have two representatives on our Board, which meets approximately every two months. The difference between being controlled by the Old Mutual and Jardines, Matheson & Co our previous controller, is that the Old Mutual does not consolidate the results of Rennies. They simply show their shareholding as a portfolio investment and therefore the actual day to day communication is far less with the Old Mutual than

it was with Jardines. Old Mutual has stated publicly that its policy, where it has major investments, is to let the management get on with it and for its contribution to be made at board level. In the year that we have been with the Old Mutual, we have seen this proved on a number of occasions when suggestions have been made at board level on future policy for Rennies

with which we have not agreed. Where that has been the case, they have always backed down and said unless management agrees. they are certainly not going to force an issue through, Their policy basically is that if they don't like the management, presumably they can change it

Rolfe: Is Rennies the Old Mutual's arm for developing into various parts of industry?

Fiddian-Green: Well, I think one reason for the acquisition was that they wanted to have a company quoted on the Stock Exchange which had good paper and which had good management and to be able to use it, not immediately, but as opportunities arise, for that company to be the acquisitor. This is one reason why they have a high shareholding. They can afford to let its shareholding drop from 75% to. shall we say, an effective controlling interest which would be 45%-50%. I think their policy is to allow the shareholding to drop to that extent by allowing us to issue shares if we find the right thing to issue shares for.

Rolfe: What is the current profile of the Rennies

Fiddian-Green: Well, Rennies is 135 years old and there are three major divisions. The first one is shipping and transportation, which has always formed the basis of the whole group - shipping, but not ship-owning. By shipping I mean everything on the

shore side of shipping. That division has grown enormously in the last 10-15 years by geographic expansion and by expansion of all the services provided so today it is a completely comprehensive, service-orientated division dealing with movement of goods in and out of the, country. It has always been the major profit contributor to the group until very recently, when the hotel and casino division became relatively larger by

Our projections show that shipping and transporration will certainly keep nace with the growth in the hotel and casino division in the future.

Travel, security through Fidelity Guards, which is now one of the largest security companies in the world, SA Container Depots and insurance broking. It is almost a conglomerate on its own. So much so that since the recent appointment of Buddy Hawton as Chief Operating Officer, we have divided the division into two - traditional shipping and transportation and security.

The second major pillar is based on Holiday Inns.

which we acquired in 1972. At that time there were six Holiday Inns, today there are 23, excluding Sun International, and the R16m which we paid for it is probably worth R250m to R300m today. But that division is still capable of tremendous growth in the future. It is wholly owned by Rennies and will concentrate on the hotel business in Southern Africa. The Sun International deal, whereby we merged our casino interests with those of the Kerzner/Safmarine group means that we now have a joint con-

trolling interest with Kerzner/Safmarine. We have

the largest individual shareholding in the company

and the merger has meant that our future develop-

ment will be a lot easier, though clearly there is a lot of room for rationalisation. We see Sun International which in itself is almost the size of Rennies, as expanding not only within Southern Africa but also on an international basis. So I think it has got very exciting growth prospects in the future. The third pillar is trading, which originated with the manufacturing side when we acquired Jaggers in 1969. We have slowly moved out of manufacturing and today we only have one manufacturing company left - Jordan shoes, which is a very successful

company. Our luggage and our sportswear interests

have been sold, and our policy is not to expand our

interest in manufacturing at all. We see ourselves as a service organisation. The main trading interests are Douglas Green, which has a wide variety of wines on the market and handles a lot of imported liquors, and the new acquisition of Sparletta-Suncrush. If we develop into the soft drinks market, this might form the base of a major pillar in the future, although it is easier

Rolfe: Which divisions do you think have the best growth possibilities?

Fiddian-Green: I would have thought that the hotels and Sun International probably have the highest growth prospects but at the same time, I would not ignore shipping, transportation and security because that side grows sharply with the economy. Furthermore although we are quite large in that area, our overall market share in South African terms is still only 20% and so there is a lot of potential for simply increased market share.



Mr Charles Fiddian-Green Rolfe: What finance do you have available for

Fiddian-Green: Probably some R40m-R50m, in that our total borrowings to shareholders' funds at the moment are around 30%. There is a lot of potential for raising further capital by perhaps flotations of one division - and, of course, we do have a share price which is standing at a substantial premium over asset value, so one can afford to pay quite a lot

We have got the resources, what we want are the

Rolfe: Do you see possible saturation in the hotel

sector in Southern Africa? Fiddian-Green: Yes, I think there is a real risk. But you must remember that Holiday Inns are positioned in the two and three star market, not in the five star market. It would be a great mistake for us to try and alter that position in the marketplace. The five star segment is becoming saturated in the major centres and I think in the three star market, there is

the same danger. We have done a considerable amount of work on what we loosely term the budget hotel concept which means supplying first class accommodation but very little else by way of commercial facilities or conference rooms or restaurants. We think that if we can get the building costs of this type of hotel to round about 45%-50% of what it costs to build a normal hotel today, there is a market there and it is a

gap which frankly we intend exploiting. Research has shown that we could probably build that type of hotel at a cost of R40 000 per room as opposed to the R100 000 per room which it is now costing to build the new Holiday Inns in Durban and Pretoria, and that would mean that the rates would be significantly lower.

Rolle: Could we come now to the beer market, where you are looking at competing with SA Breweries. What is your current thinking?

Fiddian-Green: Where there is a monopoly, there must be opportunities particularly when it's not government-created, but a private enterprise monopoly. On the other hand, several people have tried before and failed miserably and at the cost of

In looking at the beer market, we have analysed what others did when they tried to break into it. They all went for approximately 20% of the market, they went national and they seemed to concentrate more on the White sector of the market than on the Black sector, whereas we know that some 80% of

many millions.

the beer consumed in this country is consumed by Blacks. We have been looking at a regional brewery. concentrating on the Black market, with a much smaller market share being required to breakeven. Now the problem is that the SAB monopoly could of course come in regionally where you are and cut

the price to the extent that it could be very damaging and no doubt that would be the strategy, because they obviously aim to eliminate competition as soon as possible. Currently, government allows a rebate on excise duty for a brewery which produces up to 360 000 hectolitres per annum. We maintain that if the country wants to see a competitor in the brewery husiness, the rebate on excise duty has to be increased up to a million hectolitre unit. Our arithmetic indicates that to build anything less than a million hec tolitres of capacity wouldn't be economically viable. Having said that, we would be talking about an investment in the region of R50m and it is a question of weighing up the risk of that sort of investment against the risk of, say, increasing our investment in the soft drink market where we already have a

My view at the moment is that from a risk-reward ratio, it would be better to spend the R50m in moving into an industry where we have a solid footing, and which we know is growing just as fast as the beer industry, rather than taking an abnormal

The rebate on the excise duty we are looking for could amount to something like 4c a quart. At that level, yes, we could be competitive. Without that,

no, I don't think we can be competitive. Rolfe: What is your general management

Fiddian-Green: First of all, to maximise the wealth of the shareholders. Secondly, we are by and large a service organisation who employ some 23 000 people. We believe that we have created the atmosphere in Rennies whereby people who have ability can work without undue frustration or horeaucratic control. In other words, we do believe that we allow our people to develop and that we encourage the entrepreneur down the line. We have been very

successful and we are going to continue that. On the fundamental philosophy of the group, we believe that you get into an industry and you keep expanding around it. Our classic case has been shipping/transportation, but it is the same in the hotel and casino business. We believe strongly in specialisation - a hotelier should be a hotelier and a shipping man should be a shipping man and a man who runs a shoe company should understand the shoe business. You need experts in whatever field you are and for that reason we would rather concentrate on a limited number of experts than have a shotgun approach to diversification - that is absolute anathema as far as we are concerned.

We would rather not make acquisitions for the

sake of making acquisitions. We don't want to get

big for the sake of becoming big. Our job as

management is to maximise the wealth of the shareholders, not to create empires. Rolfe: You have an impressive record of increasing earnings and dividends for shareholders. Are you optimistic that you will be able to keep up the same

pace in the future? Fiddian-Green: You will see that the average compound growth rate of carnings and dividends per share since we went public in 1969 is between 19% and 20% and that takes into account a dip around 1976. We would reckon that over a period we would certainly better quite significantly the rate of inflation. The formula that we work on is to aim to increase earnings per share by the rate of inflation plus three times the GDP growth in the

country. In other words if inflation is 10% and GDP growth is 2% we expect a minimum growth of 16%. The reason why we say three times is because we think private enterprise should be twice as efficient as the government and secondly, Rennies should be a bit more efficient than the average company in private enterprise. That is the target which we set ourselves. It has worked basically, and I don't see any reason at all why the general pattern of growth should not continue.

Rennies Consolidated Holdings Ltd

14th Floor, Rennie House, 19 Ameshoff Street Braamfontein, Johannesburg 2001, South Africa PO Box 7214, Johannesburg 2000. Telex 4 22245. Telegrams RENIFORM. Tel 339-4644.

THE GOVERNMENT'S rejection of the joint proposal by British Telecom BT and IBM to launch an electric like is also prohibiting other compatronic information network has settled one of the thorniest problems to face UK telecommunications policy since liberalisation of the mar-ket began three years ago.

However, the decision does nothing to resolve another - and arguably even knottier - problem still on the desks of officials. The unenviable task now confronting Whitehall is to set down in cold print a de-finition of a value added network,

Broadly speaking, the challenge is to devise a working distinction between the basic business of transphone calls and computer data on a telecommunications network, and the processing or manipulation of that information so that "value" is

added to it in some way. Such pro-cessing is often done by computers. Getting a clear definition is crucial. The Government is eager to encourage the growth of the Vans market. However, it is also committed not to allow other companies to

It is also prohibiting other companies from "creaming off" BT's profits by buying capacity on its circuits and reselling it.

These conditions are intended to give Mercury a chance to establish itself and to allow BT time to adapt to competition by adjusting its ta-riff structure. BT aims to eliminate tive trunk services and its unprofitable local network by raising prices

easy to identify. They include electronic mail services, operated by BT and others, which allow text messages to be sent to a central computer where they are stored until re-

Writing a blanket definition is much harder, however, especially against a background of fast-changing technology. In strict engineer-ing terms, there is no clear-cut disimposing one is likely to call for delicate value judgments.

If, for instance, a major computer supplier connected its customers leased from BT, much argument might be needed to determine whether it was operating a genuine

Some industry experts believe an impossible task. They argue that the rapid convergence of computing to distinguish between the

This conclusion was reached in the late 1970s by the U.S. Federal Communications commission after toiling for several years at an al-most identical semantic conundrum. Finally, it gave up the struggle and ruled that, with the exception of American Telephone and Telegraph, computer and telecommunications companies should be free to enter each others' territory.

In Britain, an official report by Professor Michael Beesley of the London Business School, called for



executive of the Financial Times (right) being awarded the Commander's Cross of the Order of Merit of the Federal Republic of Germany by Rüdiger Baron von Wechmer. the West German ambassador in London.

The ambassador said: "We are honouring a man who proved himself a consistent friend of my country.

"It is due to your drive and dedication, indeed I may say vision, that a paper of the acknowledged international standing of the Financial Times is printed daily not only in London but also in Frankfurt.

He said the Financial Times had pioneered transmission of large sections of the paper from the City of London to Germany. Today, the Frankfurt edition was an established part of the international media scene.

## EEC directive on unit trusts 'may be adopted next year'

Money Management. He said there to about 9 trillion yen.

were still problems over the scope of the EEC draft directive on under-takings for collective investment in deputy chairman of M & G group. It transferable securities (Ucits) but the pointed out that the number of these was beginning to be solved.

services directorate, later agreed with Mr St Giles on the chances that the directive might be adopted good progress in the past month," he said, "and today's meeting in Brussels of the working party will show whether there is a will to pro-

Mr Vandamme said there had been difficulties over the application of the directive to some Luxembourg funds that were quoted within the EEC but only marketed outside the Community. But the prospects of the Ucits directive and a He urged that there should be com parallel directive on free movement, plete openness about the basis on of capital within the EEC for unit which unit trusts were priced.

proposals to restrict the liquidity of ment groups might now be experitunds. "We don't want to be hampered on liquidity," he said, urging key is that the market is getting extremely crowded in terms of produce as a permitted asset and thus allow uct," he said, "so distribution costs

the growth of the mutual fund in-greed." Many management groups dustry in the U.S., said Mr David had "confused brilliance with a bull Silver, president of the Investment market." Company Institute. They served as Mr Lipper said he expected an inthe "linchpin for the development of crease in redemptions as those who integrated investment pro- invested in unit trusts and mutual

fallen from their peak of \$232bn at the end of November 1962, partly op specialist abilities to catar for because banks had been allowed to the large and growing corporate offer federally insured money marand charitable institution markets,

increased during the past 12 Pherwani, chairman of the Unit

HARMONISATION of unit trust In Japan, medium-term governegislation in the EEC could be a ment bond funds had proved simireality by the end of 1985, according lary attractive to investors, said Mr to Mr Mark St Giles, managing di Itsuo Minami, president of Daiwa rector of GT Unit Managers and Investment Trust and Manage-president of the European Federa-ment These funds, which offered tion of Investment Funds and Com-panies. immediate withdrawals, were launched in January 1980 and now Mr St Giles was speaking at a had assets totalling 4.5 trillion (mil-conference in London on "Unit lion million) yen.

trusts - a major force in interna- In total, the net assets of Japational investment," sponsored by nese stock investment trusts the Unit Trust Association and the amounted to about 7 trillion year Financial Times in association with and those of bond investment trusts

these were beginning to be solved.

Mr R. Vandamme, head of the still less than in 1974. "A lot of pecEuropean Commission's financial ple got very frightened then," he ple got very frightened then," he

"Managements should limit the spread of their prices so as not to next year. "We have made very overcharge unitholders coming in or going out," Mr Hopkinson said.

## **Trusts**

trusts were good.

Mr St Giles criticised some Lipper Analytical Services, added a aspects of the directive, particularly further warning that fund manage-

the creation of money market will go up."

The single thing we must watch out for is uncontrolled must watch out for is uncontrolled

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funds in the 1950s and 1960s with-

ket deposit accounts. But mutual he said. They should also make funds had clawed back the advan-tage from banks which initially of-better investors, who held not just fered high introductory rates on one fund but five or as many as 10different funds.

This favourable differential has Other speakers were Mr M. J. basis points" Mr Silver said. As a drew Burney, associate director of result, assets had recovered from Schroder, Darling in Australia; Mr \$165bn in mid-1983 to \$185bn today. James O'Donnell, president of Can-Mr Silver said equity, bond and ada's Mackenzie Financial Corporaincome funds were also booming. tion; Mr Peter Pearson, managing After drifting along at about \$40n a director of Fidelity International In-year in the 1970s, sales of these mu-tual funds rocketed to \$400n in 1983 Kong, and Mr Alister Colquboun, and had continued at an even faster chairman of the South African Association of Unit Trusts.

## Sinclair launches new Spectrum computer

ing British home computer company, has launched a revamped and more expensive version of its best-

selling product, the Spectrum.

The computer, the Spectrum
Plus, is expected to become Sinclair's single most important product. It costs £180, has an improved keyboard and comes with six appli-cations programs including word processing. Unlike any previous launch by Sinclair, the new product

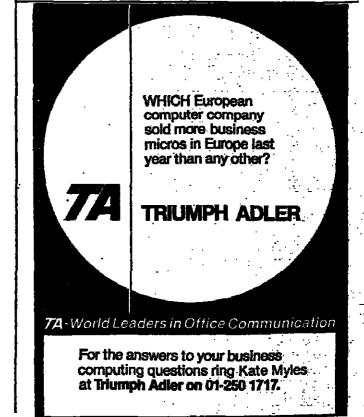
appeared in the shops yesterday.

The main battle for the UK home computer market is between Sinclair and Commodore, the U.S. group. The new Spectrum will face strong competition from the Com-modore 64, which sells at about £199. Other competitors are Acorn's Electron and the new computer Sinclair intends to continue sell-

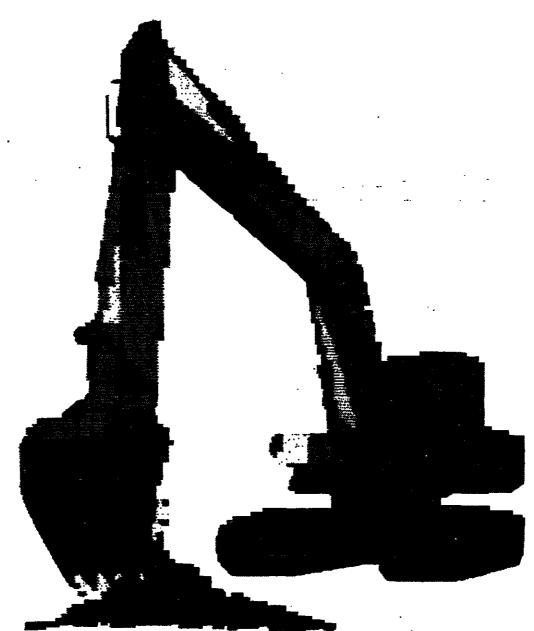
SINCLAIR RESEARCH, the lead- ing the standard Spectrum at £130. Mr Nigel Searle, managing director of Sinclair, said yesterday that sales of the Spectrum Plus in the UK would be double those of the ba-

> Revenues from the Spectrum Plus, he said, were expected to be significantly more than those from the more expensive QL (launched at the beginning of the year) until late 1985. Last year Sinclair made pre-tax profits of £14m on sales of £77.7m.

> The new computer is being made by Timex at Dundee and AB Electronics in Wales and will also be made soon at Samsung Electronics in South Korea. Current capacity for both versions of the Spectrum is 200,000 computers a month. The new machine is shortly to be sold in France, Italy, West Germany and



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#### **APPOINTMENTS**

## **Bowater Industries senior posts**

the parent company and its UK autosidiaries. Mr D. A. Rees (the substitutes. Bit D. A. Rees (the present company secretary) will take up the new appointment of director of public affairs from the same date and be responsible for presenting the progress and prospects of the Bowater Industries group to shareholders and the State of the State and to financial and media audiences.

Mr Michsel Spence has been promoted to financial director by PRONTAPRINT. He joined the company at a franchise accountant and secretary in 1980 and 1981 respectively.

AIR PRODUCTS announces the appointment of Mr. Christopher J. Hyan to the board. He was previously general manager, industrial gases division—UK.

BATH AND PORTLAND

bankers.

Mr Jevons was appointed a board member of the LME earlier this year, having previously served as a member of

Unit

Trusts

#### Telfer joins Renold board

Dr E. G. J. Telfer has joined the board of RENOLD, as a non-executive director. He is cur-rently director of the Manches-ter Bustness School. Until recently be was chairmen and managing director of Mather and Platt, with whom he will be con-tinuing as non-executive director.

INTERNATIONAL COPPER
RESEARCH ASSOCIATION, has
announced the appointment of
Mr Brian B. Moreton as vicepresident and officer of the
Association. Mr Moreton, who
has been European director of
INCRA's London office since
1974, will continue to be responsible for the Association's European activities.
\*

and 1991 respectively.

BATH AND PORTLAND GROUP announce the appointment of Mr John C. Owens to the board of Dudley Coles (SW) SOCIETY has appointed Mr their specialist works building Gavin Gennali joined investment Managers Haillie, Gifford & so management trainee. He co in 1967; for the last ten years in 1967; for the last ten years he has been responsible for pension fund and other transcempt clients.

Mr Philip Jevens has been ted managing director of MOLEX appointed a director of ACLI ELECTRONICS, with additional METALS (LONDON), the Longuist dealing arm of Donasdeson, Lufkin & Jenrette was previously director of interince the New York investment company's headquarters in the Mr Jevens was appointed a U.S.

Mr Robert Anderson will be appointed technical director of CORY SHIP TOWAGE on the retirement of Mr Frank Johnson on November 22, 1984. Cory's chief engineer from 1973, Mr Anderson joined the company in 1986 as a superintendent engineer with Rea, its Merteyside subsidiary.

Dr A. C. R. Dreesman, chairman of Vendex International, is to join the board of EMPIRE STORES (BRADFORD).

managing director of Mather and Platt, with whom he will be continuing as non-executive director.

Er Effe L. Casper has been appointed deputy chairman of WESSEX WATER AUTHORITY from January 1 1985. He appointed managing director of will succeed Capt G. F. M. Best will succeed Capt G.

OLD MARKET SQUARE
SECURITIES announces the appointment of Mr Geoffrey C. Bond as chairman and Mr Feter Bertram as managing director.

Mr Bood is senior partner of Ashton Hill, Bond, solicitors of Mr Wright retired from BP Nottingham and Londson. Mr Eastern as manager, management Mr Welsh is executive director.

Mr Bood is senior partner of Ashton Hill, Bond, solicitors of Mr Wright retired from BP Succeeded by Mr Tam Welsh.

Mr Pat Darley, deputy chairman and chief executive of Bridport-Gundry.

Mr Bat Darley, deputy chairman and chief executive of Bridport-Gundry.

Mr Bat Darley, deputy chairman and chief executive of Bridport-Gundry.

Mr B. B. Frank has retired as Mr B. B. Frank has retired as Mr Bood is senior partner of Ashton Hill, Bond, solicitors of Mr Wright retired from BP succeeded by Mr Tam Welsh.

Mr Welsh is executive director.

BOWATER INDUSTRIES has appointed Mr Russell H. Miller to be secretary from November 1. At present senior legal adviser to the group, he will combine these responsibilities with company secretarial matters of both the areas of the company secretarial matters of both the present seminary and its lik the responsibilities with the control of United Dominions and the control of United Dominions are the control of United Dominions and the control of United Dominions are the control of United Dominions and the control of United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions and United Dominions are the control of United Dominions are panies. Dietsmann (UK) is the British subsidiary of Dietsmann International providing maintenance and drilling engineering services to the oil industry.

> Mr Frank Huish has been promoted to marketing director of ACCESS EQUIPMENT. He was marketing manager. The appoint-ment was made by Up-Right Inc of California, an international company which acquired Access just over a year ago.

Mr Stephen H. Margolis has joined the board of ALBION FILMS where he will be responsible for business and legal affairs. He was formerly with North West Securities.

Miss Hazel Baron has been appointed to the board of CHRISTOPHER BOSANQUET as director of corporate communications. She was a director of Financial Communications.

Mr Jahar Sengupta has been appointed a director of CHLORIDE GROUP. He joined Chloride India in 1953 as a management accountant. He was appointed managing director in



Mr Jahar Sengupta

1970 and chairman in 1983 and will retain both these respons-ibilities. He is a non-executive director of the main board of the Reserve Bank of India and of the Imperial Chemical Industries

Europe of The Hongkong and Shanghai Banking Corp, based in London. Mr Michael J. Wilson has been appointed chief executive of Concord International tive of Cohord International.

He was with Barclays Bank
International Concord International (Curacao) NV, is a subsidiary of The Hongkong and
Shanghai Banking Corporation
which holds over 70 per cent of shares; other shareholders include Philadelphia National Bank, Banque Worms SA and

Mr Peter Richardson has been appointed sales director designate of McCORQUODALE VAR-NICOAT and will join the com-pany in early November. Mr Peter Brook has been appointed nate of Trapinex. Both are marketing/sales director desig-McCoRQUODALE companies.

Mr lan Jones has been appointed sales director of DAF TRUCKS (GB) from November 5. He joins from Austin Rover.

...Mr Robin Shelley has been appointed to the board of HER-BERT MORRIS, responsible for worldwide sales and marketing. He was with Spatrows. Herbert Morris is a subsidiary of Davy Corporation.

MORCEAU FIRE PROTEC-TION has appointed Mr Robert J. Donaldson as general manager. Aberdeen. He receptly relin quished his position as manager, offshore and recruitment divisions with Aberdeen Service Company (North Sea).

Mr Brian C. Lewis has been appointed deputy general manager, computer division—NEC BUSINESS SYSTEMS (EUROPE), European subsidiary of the Japanese NEC Corp.

Mr J. M. Middlemas will be Mr J. M. Middlemas will be leaving the partnership of Touche Ross and Co on December 31 to take an appointment from January 1 1985 as an executive director of LIBERTY HOLDINGS with a primary responsibility for the international interests of the Liberty group.

CSE AVIATION has appointed Mr Bex Pentin, presently product support director, as managing director of CSE Aviation, a division of the parent company, from January 1985.

st to Dr John Ault, managing director of Westland Engineers, if has been appointed chairman of the Confederation of British e Industry's south west region. He responsible to Mr Edwards for special assignments, Mr Bjørn Lindgren who will be responsible to Mr Edwards for special assignments, Mr Bjørn Lindgren who has worked for Holdings. New vice-chairman is several years with Stotno in Sweden, West Germany and the UK, has been appointed technical and operations director.

RENELEC, mechanical and electrical specialist in the Lovell Group, has appointed Mr Geoff Crowther as a director. He joined the Horsham branch 20 years ago.

#### **National Australia Bank** Announcement

From October 1, 1984, our legal name will change from National Commercial Banking Corporation of Australia Limited to National Australia Bank Limited.

In all correspondence, other than in legal documents, we shall be known as

#### National Australia W.Bank

National Commercial Banking Corporation of Australia Limited was a merger of the National Bank of Australasia Limited and the Commercial Banking Company of Sydney Limited.



US \$30,000,000

Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche B In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 17th October 1984 to 17th April 1985 has

been established at 11% per cent per annum. The interest payment date will be 17th April 1985. Payment which will amount to US \$14,692.71 per Certificate, will be made against the relative Certificate.

Bank of America International Limited

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Permission has been granted by the Council of The Stock Exchange for all of the above shares to be admitted to the The shares have been issued as part of the refinancing

proposals which were set out in the circular to shareholders dated 20th September, 1984 and approved by the Company Particulars of the shares have been circulated in the Extel

Statistical Services and copies of the particulars may be obtained during usual business hours on any weekday, except Saturday, up to and including 31st October, 1984

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TERM LOANS

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up facility once an agent or dis-

tributor has been appointed

(the final decision, incidentally, rests with the client).

"Essentially we like to be-come the client's export manager for two to three years,

We visit agents once every month to six weeks, find out

what their problems are and encourage them to get out and

sell. You've got to reach a posi-tion where the agent is doing so well he can't afford not to sell

Manners admits that his big-

gest competition is probably the British Overseas Trade

Board's Export Representative Service, under which companies

can acquire through the rele-vant embassy staff details of

potential agents and distribu-tors. Advertising and Chamber

of Commerce newsletters are

also often used by budding ex-

Manners argues that while these methods may work out more cheaply if all goes accord-

ing to plan they are more "hit and miss" than going to Ex-

of two visits to the continent to find the right person," he says. "It is around £1,000 for

a typical case, of which two thirds is payable in advance

and non-returnable. The fact that we are overseas anyway

Manners believes he is well

placed to expand his activities,

obviously lowers the cost."

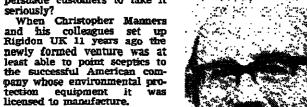
We charge the equivalent

port Assist.

**Export Assist** 

## A shared risk in opening up overseas markets

BY TIM DICKSON



But since starting another business just over 18 months ago—this time in the service sector—Manners admits that credibility has been much harder to prove.

HOW DOES a new company

The 49-year-old chartered engineer established Export Assist at the end of 1982 because he realised from personal experience that people running small businesses need help. His company is a threeman consultancy which helps clients develop their export sales, specifically through finding, monitoring and supporting agents and distributors throughout the European Community.

"I had been Rigidon's managing director for almost 10 years," he recalls, "but as in any small business I was constantly swept along by the dayto-day pressures, I was involved in every aspect of management and I was forced to wear several

hats at the same time.
"Rigidon has done very well
in domestic markets but my real interest was in the commercial and export side and because of all my other commitments I never had time to develop this activity. Frankly, it was frus-

Manners took the plunge and resigned as Rigidon's chief executive in early 1982 to concentrate on developing his ideas. Appropriately enough, the first contract was with his old company (where he remains on the board as a non-executive director) but he has now found ture of the company which can or is in the process of finding a total of 18 agents/distributors not work for clients who are for 11 clients.

The only way I can perto show that in each case I am putting some of my own money is whether he is going to sell much better than having an the product or range of products effectively."

In being paid a certain amount the product or range of products effectively."

In the product or range of products effectively."

Manners believes the key to very small. In the end it all Export Assist lies in the back-goes back to credibility." up front. Of course, we insist on being paid a certain amount the job isn't completed satis-



Christopher Manners: putting up

factorily Export Assist loses out

claims that no prospective client has yet " pooh poohed " his service and that those who decided against hiring him either did not have the money handy or were not quite ready to begin exporting at the time.

Export Assist offers two distinct services. The first is a glorified form of headhunting, but undertaken only after a thorough study has been made of the client's products, over-seas markets, and financial position, "We only deal with tech-nical products," says Manners. "The idea is to build up a picnot prepared to take this

He adds: "It's easy to find any old agent but the acid test is whether he is going to sell

partners did not give the Swiss company that wanted them merely an arm and a leg, but 68 per cent of the equity in the small business they had established.

lished. It is a situation most founders of small businesses would view with horror: many start up so as never to have to work for anyone else again; many stick to loan capital to keep a business "all their own." needed large-scale financial support and security, and the

market." SGS is the Geneva-based Société Generale de Surveillance, the biggest independent inspection organisation in the world. Privately owned, and formed in 1878, the group has made its living out of quantity and quality cheeks and related services. It oversees trans-actions and operations to do with buying, selling, trading and transportation of raw materials. ommodities and industrial

well he can't afford not to sell your products. You don't do this by staying at home."

Export Assist receives a commission on sales—" if the agent does well, everybody does well "—and promises it will withdraw from the scene as soon as clients feel they can cope on their own. But it was not for traditional activities like inspection of each year's Brazilian coffee beans that SGS wanted Browne's company. Browne, a design into many thousands of pounds engineer, and Danny Constantinas, a metallurgist, had expensive, and therefore unatformed a team with a nuclear physicist and a production engineer to set up Sonomatic, specialising in high-technology, non-destructive testing. They soon found it impossible to go

BILL BROWNE and his three

Browne says: "We went in it alone, with SGS for two reasons: we That w SGS group was a service organisation with a ready-made

When wider horizons can outweigh equity control

Ian Hamilton Fazey reports on SGS Sonomatic

That was in 1978. SGS's clout and backing has since enabled Sonomatic to develop a wide range of mechanised and automated ultrasonic inspection equipment

It is used for tasks like monitoring corrosion on North Sea petrochemical platforms, weld inspection in high pressure pipelines, and in-service testing for microscopic, potentially disastrous faults in nuclear power stations.

Browne, who is both techni-cal director and general man-ager of SGS Sonomatic (as the company is now known) thinks it unlikely that the equipment could have been developed, or markets attacked so success-fully, without getting into bed with a big international group. tractive to conventional money-lenders such as banks—the little company's ethos and direction fitted with SGS and Sonomatic did not have to bear

boffins unwordly, short on com- do so. But can an alliance mercial nous, and not always founded on mutuality of self-

controls.

Things can be different such changed circumstances.

Things can be different such changed circumstances.

specially with both men only a share of the action. Browne and his partners each kept 3 something else?

per cent of the equity, which provided incentive while transfering the bulk of the risk to the majority shareholder. At latest development to work under such changed circumstances.

Browne says that more attractive incentives are under discussion and that the company's latest development. rering the bulk of the risk to the majority shareholder. At the same time, that risk was tiny for a group of SGS's size, which has grown by acquisition to 123 member companies operating in 180 countries and employees. operating in 180 countries and employing 12,500 people. World turnover is currently about £274m.

Such an arrangement also gives the small businessman the chance to get out with some funds. SGS wrote the necessary options into the agreement and two of the original partners have used them, one to move to another job and the other to "retire" to

SGS's options, however, in-

ment. On the other hand, large clude the right to buy out the companies that do a lot of equity held by Browne and ConR and D sometimes find their stantings. The Swiss intend to

has just taken over a compatible service organisation called Ultratest to form its own £3.2m mini-group within SGS, with Constantinos as group managing

But what the two men find even more exciting is the chance to operate in the U.S., export-ing unique technology de-veloped by the Atomic Energy Research Establishment at Har-

Sonomatic recently won the Sonomatic recently won the manufacturing rights to a Harwell invention called Zipecan, It will be made by Sonomatic's 35-strong workforce in Warrington. A key factor in beating off competition was the ability to put the technology into service, so that customers—could be offered a total package, not just a cloud of hardware.

chunk of hardware. The SGS connection has again provided the key in exporting the technology because SGS last year brought United States Testers Inc. of Hoboken, New Jersey, into the group. The U.S. company employs 1,200 and has repre-sentatives in every state.

Sonomatic and United States Testers have come to a joint marketing agreement which will be backed by SGS to the tune of \$800,500 in the first year. Harwell is seconding a man to the project and Browns
will be spending much of the
sutumn in the U.S. giving
papers to conferences and
demonstrating the equipment.

One small company could never have done all this on its ample, Sonomatic, despite have own, however strong the ing only £650,000 of turnover, market forces. Similarly, the has just taken over a compatible not have developed the tech-nology without the scientists who had the ideas in the first place. A two-way entrepreneurisism had to germinate and grow, based on mutual and grow, self-interest.

It is a lesson that Government, large companies and financial institutions might do well to ponder. The principle will bear a lot of repetition.

## A predictable way of avoiding going under

FOREWARNED armed. This is as true of a company's cash resources as any other aspect of a busi-ness. If you don't know how cash is coming in or going out how can you expect others to support you through a financial crisis; conversely, if you do, you should expect your creditworthiness to rise

consider the following hypothetical situation:
Lionel Lawrence, manager notably because of the way he has started the business by riding "piggyback" on an estab-lished and successful importing of the High Street branch of Barwest Bank, receives an agitated call for help fre/1 agency. "We operate from the same offices, can use all their facilities, and can call on their Albert Curtis of Widget Engineering just as he is about to read the morning post. "I need £2,900 to pay the wages this afternoon," resources, including staff, if we need to. We even use their receptionists who answer our phone when the office is unpleads Curtis. Lawrence, long suspecting that Curtis was an manned. In my experience it's suspecting that curros was an unrealistic optimist, tells Curtls to come and see him later that morning.

Turning to his post he

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and preliminary discussion:-

few substantial individuals/companies invited

finds a letter and enclosures from George Goodbody of Expanding Manufacturers. The nub was in one sentence: "As you will see from the attached projections, we shall require additional funding of £7,500 the month after next. The forecasts indicate that we may expect this to be repaid in full by the end of the following month." Lawrence surveys the attached analysis sheets and

scribbles "Agreed" in the margin of Goodbody's letter. Meanwhile, Curtis is trying to work out why he has not got the wages money. Widget has been very busy, selling more than it could make, with orders still pouring in.

If he had not had to pay each on the nail for extra raw materials (one day he really would get down to sorting out his stock control) and if Hoskins Assemblies had settled its account on



FORECASTING

time, he would have been quids in.

About nine out of ten small companies that fail are small companies that last are run by people who behave similarly. Such companies go under not because their goods are not wanted but because they have sold too many of them. They may be very profitable but all their coch is took we in stocky and cash is tied up in stocks and in money owed by customers, so they cannot raise enough for today's bills.

This is known as overtrading. It can be avoided largely by preparing simple cash forecasts and keeping them up to date on a rolling basis. Every month you should forecast cash in and out for three months ahead. This should be near enough to be predictable and should be regarded as a crucial management tool.

The technique is to list the receipts you expect to receive and deduct from them the pay-ments you know will be due. ments you know with no out.
List your customers and write
down under the appropriate
month when you think they
will pay you. Do not kid
yourself: base your forecast
on order date and paying
record and do not expect
leopards to change their spots.
Slow navers will inevitably Slow payers will inevitably they are big companies.

List your costs underneath

the lines of totalled receipts, remembering to include quar-terly items such as fuel or phone bills and half-yearly enes like rates. Then do your sums. Will you have enough each month or not?

Whatever the case, the fore-cast will be wrong because you will start reacting to it. It may prompt you to chase up slow payers or defer some payments until your creditors start chasing you. It is bo-cause such forecasts are out of date as soon as they are made that many managers cannot be bothered to do

But good managers, like George Goodbody, use them as a tool. When they need to ask their bank manager for help they can do it well in

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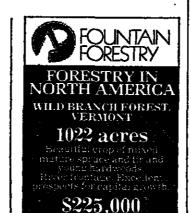
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PEAT

#### THE ARTS

#### The Royal Academy/William Packer

## Baron Thyssen's triumphant one man show

of art, indeed of art of any standing being held in private hands, seems rather to touch the collective nerve in a democratic age. No matter that the particular owner may have been sure of his taste, sound in his judgment or fortunate in his opportunities, or that he should be most open and generous in his subsequent policies of loan and access: whichever the case, always it will be one of wonder-ful things kept more for private delight than public good.

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How unfair it is: but the example of the dog in the manger was never the most edifying, and a moment's pause shows us just how silly it is. For the logical extension of that envious reflex into principle would argue the state as the only legitimate patron, which is a role it has always been, and is ever likely to be conspicuously reluctant to take on. National Art Collections Funds, Contemporary Art Societies, National and Heritage Trusts do not grow up unnecessarily but by defaut. Where are the Chatsby defaul. Where are the Chais-worth Drawings now, that might so easily have been shared among the country's museums, we might ask ourselves, or Turner's Folkestone, or the Lawrence Collection for that matter, which we were offered 150 years ago. Our public nature does not charge and in the does not change, and in the meantime it is far better that such things should be safe and treasured, wherever they feitch

There is a further, perhaps even more fundamental a point even more fundamental a point to be considered. All art is new art once, and there must always be a first patron who, by the very nature of things, is rather more likely to be a private person than a public institution; a circumstance more to be celebrated than regretted. The best of our public collections are fine and necessary things, representative, comprehensive, thoroughly worthy; but there is always a certain remoteness. sterility, impersonality. Art is nothing if it is not part of life, and nothing is potentially more lively than an idiosyncratic and particular choice.

Naturally we look to what others have on their walls, and always it is exciting and reward-ing to come upon something great and special and unexpected in the ordinary way. I have always felt, therefore, that a period in private hands





' Twice Hilde II', 1923, by Karl Hubbuch, and Max Beckmann's ' Quappi in Rose,' 1932-34

that public collection does their Is reputation no end of good, but they want their work to be loved

Baron Thyseen-Bornemisza inherited from his father a share of a magnificent collection of Old Masters, but one that by Old Masters, but one that by personal interest and prejudice barely extended beyond the 18th century. His first concern was to reconstitute it, by buying back from his brothers and sisters their portions in it, and then slowly to extend it. But it was only about 20 years ago that at lest he broached the 20th

range of interest to work, item by item, of the highest quality.

There are gaps, of course— a show of the Baron's modern American works is currently on tour in America, and it is un-clear how far the small group here offers a true model: Hoffman, Pollock, a standard Rauschenberg, a splendid late Stuart
Davis, and one of the most important of all Hoppers, the large
Hotel Room of 1931, hung alongshare (Wyeth, for example and
European realism and expresmust accept the bald fact that
this is before else a personal

Kitaj, yet an indifferent Auerbach and an ordinary 60s Bacon. There is no modern British abstraction shown at

charged up and activated, and is the demonstration it makes catalogue, a distended self por-brought to life. All artists know that it is still possible to match trait of the 60s; good recent that were never thought of in trait of the 60s; good recent that were never thought of in Kitai, yet an indifferent the purchase. These paintings hang in the usual way of things in the more particular furnished spaces of daily domestic life, and for the Baron to see them here is to see them almost as all, and again one wonders if here is to see them almost as this is true of the collection as we do, and certainly to see them

That more general oppor-tunity, however, is rather more his than ours. The privilege we share is the experience of particular masterpleces, one by one, for all that they may together embrace the whole that a period in private hands is desirable, even necessary for any work of art, however great or important. Or deviously century, and not the least of important. Or deviously century, and not the selection of them it is that by some that is now on show in Burling. The room to post-war this is before else a personal and therefore idiosyncratic and unbiddable. Nor was one, they read us that most especially the English one, they read us that most estation one, they read us

ment than deny another.

Baron Thyssen's first modern interest lay with early German Expressionism, most notably with Kirchner and Schmidt-Rotluff, but that was soon teased sodeways to contemporary Cubism, Futurism, Constructivism and Suprematism, and back to Fauvism and beyond.

This show takes us back indeed to the 1870's and High Impressionism, and if for nothing else, would be memorable for the great Degas, with his two girls at the Milliner's Shop; for an exquisite Cézanne tree; a Lautrec redhead; a winter river by Monet; Pissarro; Sisley—and that is only the first room. Abead are Van Gogh and

Ahead are Van Gogh and Gauguin, and the Fauves, and a wall of Cubism, with a wonderfully complementary pair of analytical musicians, Braque and Picasso almost but not quite indistinguishable. Off to one side is a room full of supre-matism and constructivism, which includes a definitive pair of Mondrians, middle and late (a lovely early grey abstraction upon a tree is elsewhere), the one quite small and the simplest of grids with red and blue, the other a larger canvas from his last, ebullient period in New York, the surface articulated by

coloured tape.
So on and on come Nolde, Bonnard, Feininger, Leger, Jawlensky, Chagail, Schwitters, Ernst, Schiele, Balthus—but there is little point here in rehearsing the catalogue at length. All I shall say is that the wall to which I found myself repeatedly drawn back carries not the earliest but the later expressionism, and that newer realism, the Neusachlicheit of the twenties and Weimar Germany—a lovely and decep-tively relaxed portrait by Max Beckmann of Quappi, his second wife; a run of portreits of

remarkable presence and in-tensity by Schlicter, Henrich, Dix and Schad—Schad perhaps most notable of all, whose lampmost notable of all, whose lamp-lit portraits stick oddly in the mind. And in the corner is a large and extraordinary paint-ing by Karl Hubbuch, of two women full-length and some-what distracted, which is a graphic tour de force. graphic tour de force. Such works as these have resurfaced critically only in the past ten years or so, and it is fascinating to see a discriminating collector respond so positively, making an intuitive connection per-

#### New York Theatre/Frank Lipsius

#### A lot of little things

Little things mean a lot to Walton's functional middle-class the playwrights represented at jungle-hut set. the outset of the new season on and off Broadway. Actress-turned-writer Molly Newman stitched the bits of the scrap material in quiltmaking into a play that originated as an suditioning script. Written with Berbara Damashek, who also directed the production, the re-sulting musical at the Jack Lawrence, Quilters, celebrates the pioneering spirit of women who coped with the desolate western plains by piecing together the blankets that represented occu-

paion, therapy and worldly wealth. While the quilts give a visual as well as thematic focus to the show, there is none of the quilt-ing women's passion for organition in the hoe-down music and random comments of worthy but dull women that passes for a script. Originally produced at the Denver Centre for the Performing Arts, the musical failed to grow in conception as it grew in size, with the result that the seven actresses acquire no identity to match the texture of

their work.
David Rabe's Hurlyburly at the Ethel Barrymore sees value in nothing but the baby a father steals fro mhis estranged

working.
Director Mike Nichols puts some shape into the messy indulgence of a script with an all-star cast stuck with mono-logues relieved by characters'

Until Judith Ivey's entrance in the second act, the women, played by Sigourney Weaver

and Cynthia Nixon, are un-appealing examples of the men's misogynist fury, while Ron Silver and William Hurt inter-act as intelligent but childish room-mates in a contemporary though Harvey Keitel and Jerry Stiller as friends passing through take the male-bonding rituals to excess.

The little thing in Blue Window is a missing tooth, in Craig Lucas's story of a dinner party in which the hostess breaks her front tooth as guests are about to arrive. Showing the first discernible influence of music videos on drama, the play at Theatre Guinevere follows the guests in their pre-parations for the party, with snatches of music and little habits approximating the changing scenes of a rock video. The party conversation gets bogged down in an author's bragging, a psychologist's evasions and a musician's taciturnity, but the hostess's boyfriend keeps the evening moving, with the tooth

a running gag throughout. wife. Everything else in the rambling, restless and at times searing play is trashed by the Village Gate, is the capability of the American President, whose lives are consumed by drugs, sex and envy of writers or acrors who are actually about Presidential working the working the property of the president of the hours. The mindless ambition of the 1980s generation also gets its share of abuse in the funny hour-long production that is more notable for cartoonist Garry Trudeau's clever banterslapping each other on the back ing lyrics than Elizabeth and traipsing from living room Swado's versatile but mun-



William Hurt and Sigourney Weaver in ' Hurlyburly

#### Rozhdestvensky/Barbican Hall

It has been a while since Gennady Rozhdestvensky made his last London appearance, as chief conductor of the BBC Symphony Orchestra. His return, this time to lead the London Symphony in three Barbican concerts (and also to conduct The Nutcrucker for the Royal Ballet), is very welcome; for in the night name his gifts are demonstrably unique, and still exhibitating to encounter. The programmes of these three LSO concerts are largely popular, and very largely Russian, a conductor whose virtuoso effect of delightfully deadpan technique is the product of wit; it also encourages broad phrasing and a warmly un-strained orchestral sonority. relaxed, spontaneous, expansive musicianship can be counted on to distinguish them from the routine run-throughs

which are their usual fate. Certainly, there was no sense of routine about Sunday's con-

cert. Each of the works clearly takes more than a single therein, the Rimsky-Korsakov Capriccio espagnol, the Prokoflev Lieutenant Kijé Suite, and the Chaikovsky Fourth Symphony, came up fresh, colourful, and full of original (but intimations of back-desk "pasnever egregiously insistent) detail. Rozhdestvensky possesses the knack of striking a tempo a degree or two slower than the traditional response to the score marking, which in the Rimsky showpiece and in the Probodev suite made an

Strangely, the LSO responded to such encouragement with less than its surest virtuoso form — though this orchestra

terfly, though overdetailed and sometimes rib-nudgingly irritating, shows strong determination to show the old warhorse in a striking and often harsh new light. Janies Carns takes the title role, John Mauceri enducts a wonderfully lytical and

fluent account of the score. The Manon revival introduces Frances Ginzer and Anthony Rolfe Johnson as Massenet's principals. The Barb-er of Seville has the stardy, well-tried leading trio of Alan Opic, Della

(8363161).
Ledler's Wells, Rosebery Avenue: The
Lar Lubovich company from the
U.S. starts a season on Tuesday.

**MEW YORK** 

Metropolitan Opera (Opera House):

The premiere of Jean-Pierre Pon-nelle's production of La Clemenza di

Tito conducted by James Levine and

The construct by the starring Renards Scotto, Tatiana Troyanos and Kennasth Riegal high-lights a week that also includes James Levine conducting August

Everding and Ming Cho Lee's pro-

Everding and Ming Cho Lee's production of Lohengrin with soprano Anna. Tomowa Sintow and tenor Placido Domingo: Nello Santi conducting Engent Onegin; and Julius Rustel conducting Otto Schenk's production of Les Contes d'Hoffmann. Lincoln Center (352 6000).

Next Wave Restival (Brooklyn Academy of Music): Merchith Monk and Ping Chang collaborate on a unixed media science fiction work called

and John Brecknock,

re-established. Wind and especially brass solos were scruffy and accident-prone throughout; when the violins came to dig into a big unison melody, sengers" were rather too apparent for comfort. Such flecks and flaws failed to spoil a magisterially broad reading of the symphony after the interval, the kind that draws the drama out rather than instantly imposing it. But what an erratic orchestra this now is!

In Monday's Muldowney review, a missing word reversed the sense of a crucial sentence: "one is left in doubt" should have read "one is left in no form — though this ortenstra was, after all, Rozhdestvensky's doubt" that the period flavour first London concert link, it of the concerto is relished.

#### Gilels/Festival Hall & St John's

#### **David Murray**

Since Russia is particularly lenge of sounding freshly com- manner of any kind in the reluctant these days to permit mitted in a piece that he must music, but simply explores it its musicians to travel abroad, have played in uncountably with searching devotion. Though we are particularly fortunate to have had another visit by the pianist Emil Gilels. On Sunday he appeared with the Philhar-monia Orchestra to play Chaikovsky's First Concerto (which, after all, had its première in the West), and yester-day he gave a BBC Lunchtime Recital in St John's, Smith Square. He was in leonine form, trivial (but numerous) finger-slips notwithstanding.

He gave a towering performance of the evergreen Concerto, He gave a towering performance of the evergreen Concerto,
as formidable and big-boned as
expected, but ethereally tender
in the Andantino semplice. It is not easy to explore so many
expressive facets of the work
without reducing its scale in
some passages. Gilels made light of that problem, of course,
and also surmounted the chalGilels affects no variety of over the years. The most over th and also surmounted the chal- - Gilels affects no period ringingly.

Seventh, also very efficient (if a bit faceless), with the Finale excitingly whipped up.

Monday's solo recital gave us

many concerts. He was effi-ciently abetted by the Philhar-sonatas with glinting brilliance, monia under Pasvo Berglund; he rarely emphasised Scarone or two differences of lattis keyboard-tricks. Instead opinion were swiftly ironed out he found astonishing polyby left-hand signals from the phonies in the pieces, picking planist. The concert was com- out hidden voices in unexpected pleted by a brisk Beethoven places, and varying the repeats places, and varying the repeats with marvellous spontaneity. His Pour le piano was a

sumptuous affair, indeed opulent, as if it had never a fuller view of the artist. He occurred to him that some of offered a group of seven Scar- Debussy's effects have faded

#### Saleroom/ Antony Thorncroft

Islamic art made a good start yesterday morning, with manuscripts and minatures totalling £229,856, with just 5 per cent unsold. The top price, and above the high estimate, was the £71,500 paid by the London dealer Michael Goedhuis for a Mughal portrait of an elderly scribe painted in 1615 by Farrukh Beg, the outstanding court artist of the period.

Goedhuis also paid £29,700 for a late 17th century illustration

of the Lord Krishna from the Rasamanjari. Two ragamala illustrations of around 1700 doubled their estimates at £11,000 and £10,450 respectively, while a portrait of around 1780 of Raja Prakash Chand, and an Ottoman black, morocco pen box, both far exceeded their

Sotheby's autumn sales of estimates, selling at £7,700 each. In the afternoon session manuscripts did exceptionally well. A Qur'an of the late 16th well. A Qur'an of the late 16th century, probably from Alexandria, and from the estate of the late King Umberto II of Italy made £44,000 to Maggs while a Qur'an section of 1517 from North India was bought by Khalili for £49,500.

Other high prices were the £28,600 from Maggs for a blue vellum Qur'an leaf of the early 10th century; £26,400 (three times forecast) for a Qur'an section, Ottoman, of the 16th century; £25,800 for an illuminated Ottoman firman of Sultan Murad III (1574-95); and £24,200 for a Qur'an from Persia, late 16th century,

## Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

#### Opera and Ballet

ducted by Georges Pretre in Antoine Vites new production with Remeto Bruson alternating with Franz Grusshaber in the role of Macbeth and Shirley Verrett alternating with Ghena Dimitrova in that of Lady Macbeth. Paris Opera (268 5022). La Zarzuela - An anthology created

and produced by Jose Tamayo at the TMP Châtelet (233 4444).

Cologue Opera: The highly acclaimed television production of La Gazza Ledra, sung in Italian, returns with Alberto Rinaldi and Janice Hall. Tosca has Maria Slattmaru outstanding in the title role. Die verkaufte Brant, produced by Rudolf Noelta, has Hans Protechka making his de-

but as Hans. (20701): rankfart. Opera: The Magic Finte-has Cheryl Lichter as Queen of the hight. Der Wildschütz is conducted by Volkmar Othrich. There has been much applause for Capriccio with Helena Dose and Dieter Weller. Ein Maskenball has Rosalind Plowright brilliant in the part of Amelia.

(25621).
(25621).
Aunich, Bayerische Staatsoper: Don Pasquale is worth a visit with Julie Kanimann and Paolo Montarsolo.

#### LONDON

English National Opera, Collesum: The new production of Madam But-

#### Oct 12-18

The Games to inaugurate this year's tival. (6364100).

#### CHICAGO

Lyric Opera (Civic Opera): The company's 36th season opens with Engene Onegin conducted by Bruno Bartoetti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production; and Willy Decker's production of Arabella with Kiri Te Kana-wa in her local debut and Ingvar Wixell as Mandryka, conducted by John Pritchard. (332 2244).

#### VIENNA

Staatsoper (5324/2655): Tosca conducted by Stein with Aragall; The Barber of Seville; Lulu conducted by Schirmer with Fassbänder, Adam. Zednik; premiere of Krenek's Karl V conducted by Leinsdorf with Reich, Armstrong, Janowitz.

Volksoper (5324/2657): Die Fledermaus conducted by Bauer-Theussl;
Hello Dolly conducted by Bibt; The Merry Wives of Windsor,

#### **NETHERLANDS**

Amsterdam, Carre Theatre, All week (except Mon) the acclaimed National Ballet production of Romeo and Juliet, choreographed by Rudi van Dantzig. The title roles are danced by Jane Lord and Barry Watt / Alexandra Radius and Henny Jurtlens / Jeanette Vondersnar and Lindsay Fisher. Sun and Wed are mannee performances only (14.00), All other days (8.15pm) start. (225225).

#### Film Festival / New York

special effort to be included, espe-careful, elegiac film notes that Milk cially with films with less than obvi- had long suspected that he might be ous mass appeal. Sergio Leone's the target of an assassin. nearly four-hour new epic, Once upon a Time in America, takes a nostalgic view of a Jewish gang in the 1930s. Though it has major names like Robert De Niro, Elizabeth McGovern and Tuesday Weld in it, the length, subject matter and leisurely explored plot gave Warner Bros good reason to include it in the festival. The very complexity of the story, with flashbacks to various periods in the principal characters' childhoods, makes the film appropriate here rather than as a successor to The Godfather or even the director's earlier Italian westerns.

More straightforward - and also more dependent on finding an audience at the festival - is the thoroughly American documentary, The Times of Harvey Milk The documentary, narrated by playwright and actor Harvey Fierstein, uses news footage and interviews to explore the career of San Francisco's avowed homosexual politician, who was assassinated with mayor

George Moscone in 1977. A charismatic figure who both inspired and rode the wave of gay political action, Milk was killed by a fellow San Francisco supervisor who tried to be reinstated after year are any Third World produc- just another French entry.

Besides including well-known di-rectors like François Truffaut with Two English Girls and the Con-tinent, the festival is following careers of American independent film makers previously represented. Victor Nunez's Gal Young Un was shown in 1979. His second feature, A Flash of Green, is in the festival this year. Based on a John D. MacDonald mystery set in West Florida, the film teeters uneasily between Nunez's independent approach and the obvious commercial element of the story.

Ed Harris stars as a local investigative reporter torn between his own conservationist feelings and the chance to make a lot of money supporting property development in the pay on the edge of town. The ease with which he takes a bribe belies the supposed ambivalence, but the film burrows further into the plot through short scenes of be-wildering variety. Though mys-on the film makers' fantasies. Santeries tend not to be frivolous, they drine Bonnaire's ripe and youthful are expected to keep up a fast pace attractions encourage the camera to and remain aloof from this film's focus on what, in another setting,

liberative.

Despite the varied sources of en-tries for the New York Film Festi-val, American distributors make a though director Robert Epstein's ca, apart from Brazilian Nelson Pereira dos Santos' Memories of Imprisonment, based on a 1930s novel by Graciliano Ramos, and an uncut version of Kon Ichikawa's 20year-old Tokyo Olympiad.

> Lennart Hjulstrom's A Hill on the Dark Side of the Moon is a Swedish film with an elegance deserving of its 1880s setting. Based on a real romance between a precocious feminist and scholar, both Russian refugees in Stockholm, the film reflects the reserve of the times and the hesitancy of the cou-ple to commit themselves to their surprising attraction to each other. This first feature film for the director of the People's Theatre in Gothenburg shows a sure touch in exploring the story, though it could move more expeditionally toward the couple's inevitable union.

Little restraint is evident in Maurice Pialat's A Nos Amours, which supposedly observes pubescent love in a French summer camp when it tendency to be portentious and de-would be considered soft porn, but Missing from the festival this New York Film Festival passes as

#### Bob Hope / Dominion

#### **Antony Thorncroft**

western world does not revere old age—any entertainer who keeps going beyond seventy is certain of an ovation from his

spruce and sounding sardonic. cheeky exuberance has gone.

It is nonsense to say that the Sono after the show—"to western world does not revere window shop." Not surprisingly in such

keeps going beyond seventy is certain of an ovation from his audience; if you make eighty you get a standing ovation. Ask Bob Hope.

And surprisingly in such company some of the jokes, too, carry the respect of age. The man with the deaf wife (and eighteen kids) who every night Not that he did not deserve it on Wednesday night. For around an hour he coolly delivered one liners with the precision of a gatling gun and if many made you smile at meeting again an old familiar was doing—"I got it all in " he friend some were newly minted.

Bob Hope.

asks her "do you want to go to sleep, or what?" must have a music hall provenance, but delivered as part of an unstoppable flow, what does it matter. There was one quick look at a crib to see how his memory meeting again an old familiar was doing—"I got it all in " he says with amazed pride—both. money: he is working because able achievement for ex-he enjoys his public and his perience and charm even if the public was obviously very necessary concentration meant happy to see him still looking that some of Hope's traditional

Most of his routine is built. There was the odd gay joke around his age—he is now to show a contemporary side, eighty. He tells of sitting with Golf got more than a mention, that other octagenarian come- as did religion, obviously now dian, George Burns, in Los a relevant topic for him. He Angeles, holding hands and was gentle about Reagan, trying to contact the living: he avoided any local political sings of doing "for Farrah asides, and once or twice in-Fawcett what I did for Lilian cluded American references Gish"; he says he might visit beyond a British audience.

#### **INTERNATIONAL GUIDE** TO THE ARTS

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#### **FINANCIAL TIMES**

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Tuesday October 16 1984

## The war of the have been a mainstay of India's trade with the West for 150 years. car exhausts

THE WEST GERMAN cabinet has stirred up a homets' nest with its decision to force motor manufacturers and importers to make their care environments that the German move will erect a non-taff barrier manufacturers and importers to maket their cars environmentally more acceptable from 1988 onwards. It intends to limit permissible exhaust industry no less than to importers to the present state of technology, catalytic converters will the strength of car performbefore they may come onto the

road.

The converter, which filters harmful carbon and nitrogen compounds from the car exhaust, adds to the weight and cost of a car and cuts performance. Environmental requirements in the U.S. and Japan already entail the use of converters. The work of adapting cars to take converters has cars to take converters has countries.

The case for the German decision is that the carbon com-pounds in car exhausts are daugerous to man and that the nit-rogen compounds, by a complicated process, contribute to the dying off of trees in many European forest. Uncertainties attach to all available research in this area, but the weight of evidence has shifted recently. implying that car exhausts, not sulphur emissions from power stations and industry, are ravag-ing the woods.

On the other side of the case the arguments are that no in-controvertible scientific evidence exists as yet; that the technology of the catalytic converter will soon be overtaken by a more satisfactory "lean burn" a more saustactory lean ourners engine with cleaner exhaust emissions; and that by going it alone the Germans will be splitting the car market within the EEC. The Community so far has been planning to reduce noxious emissions in the 1990s,

ance. Fitting converters could

damage that image. damage that image.

More weight attaches to the argument that the Japanese, who aiready have to fit the converters to cars sold at home, will reap the benefit of the German decision. But it is not consistent to plead for open markets and at the same time to object to the Japanese reap-ing the benefit of the work they have done on catalytic con-

The most worrying prospects that the German decision will split the EEC motor market. The Community must make a determined effort to get back into step. Domestic pressures may have made Bonn move hastily; but the others should consider whether they, in their turn, are moving too slowly. The best way to clean up exhaust emissions is to set industry a <del>tight</del> but realistic deda-

In the meantime, Bonn could demonstrate its concern for the woods by limiting speeds permissible on the Autobahns. The fact that such a limit could help the trees is not seriously in dispute, though the extent of the benefit to be gained is. A speed limit would fall immediately consilied to the process of the serious of the benefit to be gained as a speed limit would fall immediately consilied to the serious of the serious diately on all cars, instead of being phased in slowly as people replace their old cars with models carrying con-

## **Competition wins**

Telecom and IBM to set up a of the electronics industry joint venture in the UK to pro-would have been guaranteed vide managed data network equal access to its systems, services presented the Government's ment with an important — and decision is welcome, for two very difficult — early challenge reasons. One is that the project telecommunications policy. In turning the scheme down, it has passed the test. The project was aimed at that

exciting area of technology where telecommunications services converge with computer been used to transmit and process data betweent he computers of IBM's customers, offering nificant deterrent to market scope for advanced new services entry by other, less powerful in activities like banking, insurance and retailing.

THE PROPOSAL by British length subsidiary, and all parts

would have combined the two major potential entrants to the market, which otherwise would have been expected to enter the business separately and provide competing services. The combination of a near monopoly with a dominant computer group could have been a sigoperators.
Moreover, the Office of Tele-

BT argued a strong commer-cial case. Many of its sub-scribers already use IBM com-authority, was known to oppose puters, and a combination of the scheme for competitive the two companies would have reasons. Oftel has a crucial role guaranteed a strong British to play in implementing tele-presence in what promises to be communications policy in the a major business worldwide. UK. Its authority would have The joint venture would have been jeopardised if it had been

## Mr Hattersley's plain speaking

WITH Sunday's Aneurin Bevan logically into the framework of lecture on unemployment, Mr a free market capitalist system Roy Hattersley, the Shadow than into the kind of demo-chancellor, has taken a major cratic socialist economy which strice towards developing an economic policy for Labour which is internally consistent

and intellectually honest. Mr Hattersley has confronted squarely the potentially fatal flaws in standard Keynesian prescriptions for job creation. It may be less than startlingly original to acknowledge that a future Labour government could not "live in isolation from either the laws of arithmetic or the other trading economies of the world." But in analysing the three constraints—imports, investment and inflation—which could limit or eliminate entirely Labour government's freedom of manoeuvre. Mr Hattersley has gone well beyond the coded platitudes which the Labour leadership has been employing for five years now, in its fear of alienating the trade unions and the party's lunatic fringe.

#### Departure

Three phrases in particular stand out in this speech which could turn out to be pointers to a new direction in Labour thinking. These are "co-ordinated international expansion," "high profit economy," and "agreement on incomes."

Mr Hattersley's plain speaking about incomes is potentially the most dramatic new departure. Not only does he acknowledge that "a mad scramble for money wages" would prejudice Labour's drive to cut unemployment, but he points out that free collective face a choice between two bargaining fits much more coherent economic programmes.

the Labour Party wants to see. Mr Hattersley even admits that workers with secure jobs and above-average earning power have done relatively well under five years of Conservative rule and free collective bargaining. It is the low-paid, the unskilled and the young who have lost

Mr Hattersley's attack on Labour's sacred cows does not stop at free collective bargain-ings High profits, too, must be a part of any serious prescrip-tion for a socialist economy; for without profits there can be no involvement and without investment high-paid, high-pro-ductivity Jobs must remain a chimera. A Labour Party shar-ing Mr Hattersley's vision would also remognise that even if de-valuation and import controls proved possible to implement, Britain's success in combatting unemployment would depend crucially on co-ordinating its reflation with policies in

the rest of the world. Mr Hattersley's realism does not, of course, imply that his policies would work in practice. His vision is of an unmistakably socialist economy, in which government and trade unions play a role far larger than any they have attempted in recent years, even under Labour administrations. This may not be a prospect which will com-mend itself to large sections of the British electorate. But at least there is a chance that at the next election. Britain will

C INCE late last year it has been evident that some-thing perhaps something fundamental, has changed about the Indian tea business as it struggles to meet booming domestic demand without osing valuable export earnings.

The first sign of change came on Christmas Eve, when the Government announced a ban on the export of the main Indian tea-CTC, or crush tear, curl, the blackened leaves of which

to be followed last month with a new ruling, which limited overall tea exports this year to 215m kg. This compares with 241m kg of tea exported in 1981, 189m kg in 1982 and 205m kg last year. Now, the Indian Government is consider-ing a permanent regime of monthly export quotas, which could come into effect in January. The effect of these restric-

tions, inevitably, has been to drive up worl dtea prices. The average London tea auction price reached a record 317p per kg in January, subsided as the ban eased and is now climbing again. In British supermarkets, a 125 gramme pack of PG tea was 38p in December and 48p in February. Brooke Bond says it is "reviewing prices from day to day"—normally corporationspeak for an imminent increase.
This pressure on prices has
occurred despite the fact that

India is well past the half-way mark in gathering a record tea crop, which is expected to weigh in at around 625m kg this weigh in at around 625m kg this year—6 per cent up on 1983. The Kenyan tea crop, however, has been affected by drought. But the oddest aspect of the last nine months has been the break from normal Indian Government behaviour during a tea price surge. What the industry expected was for the Government to impose a special tax on exports to boost foreign tax on exports to boost foreign exchange earnings, as it did in the last boom, in 1977. The fact that this did not happen

indicates that this time the

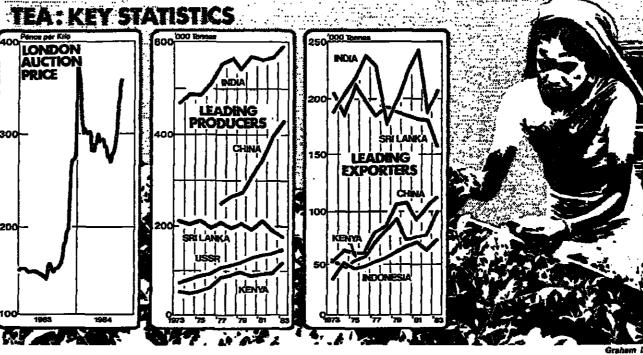
Indians have a more serious and

longer range purpose. The most obvious explanation for India's behaviour is that with an election due in the next few months, Mrs Gandhi is keen to control food prices, which are always an emotive which are always an emotive subject in a country where even the young can recall scenes of famine and starvation. Tea or "cha" as the Indians once taught their colonial masters to call it, may not fill bodies with protein, but teadrinking has become a habit even in villages far from tea even in villages far from tea gardens. As India's population continues to climb, so does domestic tea consumption.
Between 1977 and 1983, Indian consumption rose by 36 per cent. The country's tea production in the same period increased by only 6 per cent.
These two trends have opened

up the alarming possibility that India, with China, the originator of the tea industry and still and direct sales contacts have the producer of 30 per cent of undermined the London tea the world's tea, might in time auctions and Indian interests become a net importer. If that have taken control of the major were to happen, the balance of payments consequences would be serious. Even in a poor year like 1982-83, when tea prices were low, the gardens contributed 4.2 per cent of India's exports. In a high price year, ike 1977-78, the figure was 10.5

It is this fear that tea will waste away as a source of foreign exchange earnings which underlies the change of attitudes in Delhi. The Government has been persuaded that

#### WORLD TEA PRICES



## Suddenly, India decides to change the rules

By Ian Hargreaves

it must at the very least seriously examine the strategic difficulties facing the industry if it is not to kill the goose that lays the golden eggs. At he same time the industry, from its financial heartland in the crumbling elegance of Calcutta, has been keeping the printing presses warm with pamphlets and blueprints for the industry's future. India's two export restrictions are the most concrete results so far of this new dialogue between Delhi and Calcutta, but there

may well be more to come. The explanation of how India found itself with a tea industry incapable of keeping up with domestic consumption patterns lies deep in the country's

Organised tea cultivation was started in Assam by the British. Until India introduced its foreign investment laws in 1973, ownership of the gardens was dominated by British com-panies, just as the world trade in tea was centred upon an auction room in the City of London.

Since 1973, containerisation Indian tea companies. Even companies with obvious British roots, like Brooke Bond India, have 60 per cent Indian equity. The typical Indian tea company today is, like the largest, Tata Tea, part of an Indian-owned industrial conglomerate. The only slight deviation from this pattern has been the growing stake in tea of UK-based Indians, like the group run from London by Mr Swraj Paul. Mr Paul's younger brother, Mr vest in new plantations or re-Surrendra Paul, runs two major juvenation of existing tea

Assam Frontier and Empire-

Because of its history, tea growers have frequently been suspected of enjoying large profits, too easily made at the expense of consumers and low-

The gradual Indianisation of the industry in the 1970s did not automatically put an end to such suspicions and those who lobby for the tea growers in Delhi are still nervous that the Calcutta-Delhi axis remains fragile. But there is increasing confidence that the Government and the growers have at last recognised

One upshot of the new dialogue between Calcutta and Delhi has been a series of Government moves, not resisted by the industry, to crack down on invoicing fraud and to increase domestic price transparency by encouraging the use of public autions. In return for cleaning up its image, the industry has found sympathetic

listeners inside the Commerce
Ministry for its ambitious
objectives for tea in India's
seventh national plan, which
will cover the 1985-90 period.
The idea is for the Government to concede that the tea

#### Tea growers have often been suspected of enjoying large profits, made all too easily

exchange earnings. The other is the tea companies, search for a fiscal and international commodity market hackground which is less cyclical and which encourages greater re-invest-ment in tea. According to the tea growers, draconian taxation regimes - amounting to 70 per cent in Assam — have bled the industry, encouraging growers to stop using fertiliser when prices are low and not to in-

their common interests and are working together to pursue life of 40 to 50 years, is an them.

One side of this coalition of interest is the Government's desire for both stable domestic tag prices and maximum foreign generated in a development of the coalition of the prices in the control of the coalition of the coality of the coalition of the fund to replace worn out bushes, to plant new areas and to irrigate plantations which need it. At a cost of \$900m through a mix of soft loans.

depreciation allowances and other internally generated funds—the industry says it can raise production from 625m kg to 766m kg by 1990, and exports from 215m kg to 257m kg. Details of this deal have yet to be agreed at the highest poli-tical level in Delhi and remain

vulnerable to the argument that

stitute for support in a case tion year. The answer will be known by February, when the final version of the seventh plan should be published. As an earnest of good intent, how-ever, the Government has ever, the Government has launched a support scheme for the declining plantations of the Darjeeling area, which produce premiums—so-called "orthodox" teas popular with the Society Trian and the Middle the Soviet Union and the Middle

the tea growers are fat cats not suitable for support in an elec-

But the Indian strategy, as it exists in the minds of senior Government officials and men like Mr Jagdish Khattar, the eager, young chairman of the Indian Tea Board, goes beyond

central production planning targets. As they see it, the objective is to lead the tea growers into parts of the tea business with greater potential for adding value—packaging and tea-bags, for example—and to use India's muscle internationally to ensure that the world price of tea stays high. price of tea stays high.

"We have not received fair prices in the past," says Mr Khattar: "This is not in the long-term interest of either pro-Mr Khattar sits at a desk sur-

by packaged "Bentleys Tea." which is in fact an Indian produced and packaged brand sold in the Middle East. His aim is to see the Indian producers, instead of selling bulk tea to foreign blenders like Lipton, Brooke Bond and Cadbury-Typhoo, marketing their own packaged tea direct marketing to retailers. Although he acknowledges the formidable power of the Western tea majors in markets like the UK and the U.S., he believes that

the Indian industry has em-barked on a path from which it will not be deflected.

Several companies, including Several companies, including Tata, are pursuing the value-added approach, diversifying into tea-bags and instant teas, but not all Indian tea men are convinced. "The producer will never be successful in this value added tea," says Surrendra Paul. "Where you have the mentality of the agriculturalist, it cannot be put together with the mind of the highly complicated marketing man. It is not cated marketing man. It is not possible to shake Brooke Bond and Typhoo. They are very

In any case, says Mr Paul, the tea companies can prosper simply by more aggressive management, and by investing in growth 50 long as the world is short of tex and prices are high. "High prices, these are the best fertilizers," he laughs,

That, of course, is a truism for all commodity producers at all times. The trick is to find a way of ensuring that prices stay high.

Here, India has for some time been taking the lead in attempt-ing to establish some form of international tes agreement, but bas failed because of lack of interest by Kenya, which pro-duces 5 per cent of the world's tea, but 10 per cent of its exports, Sri Lanka and Chine are the other key producers.

Having failed to prevail upon the Kenyans—a result, as some Indians see it, of underhand manoeuvres by the British, who have large plantations in Kenya
—the tea export restrictions of the last nine months look like a clear attempt to manipulate the market single-handed

"The British no longer control international tea trade," says one leading Indian tea man. "The market is still dominated by five large buyers. They think they can influence the world like they could ten

years ago, but they can't." Since, according to Inter-national Tea Committee figures, the world consumed 121m kg more tea than it produced between 1980 and 1983, and continues to run a deficit, the judgment of most tea market experts is that prices are likely to stay firm. These are perfect conditions for the Indian strategy to flourish.

Whether this should be seen as an approach threatening to British tea interests, however, is another matter. Brooke Bond, Lipton and the rest all benefit from higher prices and will need the extra production which this will stimulate to supply their markets. According to Mr John Brock, a group director of Brooke Bond with responsi-bility for India, the approach of the Government in recent months has been "very surprising and very encouraging."

The only danger is that rising retail prices will weaken demand in importing countries where, on the whole, consump-tion has ben stable or rising in the last decade. Growth in continentaly Europe, the Soviet Union and the U.S. has more than offset a 15 per cent decline in UK consumption in the last ten years, although the British cuppa still represents almost a quarter of the international market in tea.

હોં ડિકારી છે

The reasons for this decline in UK tea-drinking generate another, equally heated debate in tea circles, but one Indian tea man believes he knows the answer. "Your problem in England," he says. "is not price, it is quality. The tea you put in tea -bags, we use as fertiliser here."

#### **Britoil's find** in Australia

Britoil's urbane chairman, Sir Philip Shelbourne, says the Financial Times must take the credit-even if it gets no consultancy fee — for the appointment yesterday of the company's first chief executive, Australian David Walker.

Glasgow - based Britoil, privatised two years ago, has been run until now by two managing directors, Ian Clark and Malcolm Ford. But a few months ago, the FI

ran a feature on Britain's largest independent oil company which argued that it ought to have a chief executive.

"We thought 'what a good idea'," says Shelbourne—and the search began.

Walker, aged 50, is a geologist and has been a BP employee since 1959. He is currently director, resources development, for BP Australia—a post he took up two years ago after a spell in Britain as chief executive of BP Petroleum Development UK.

He was president of the UK Offshore Operators Association in 1982 and played a prominent in 1952 and played a prominent role in pressing the British Government for changes in the taxation system which the industry claimed was endangering North Sea development.

Malcolm Ford, one of Britoil's managing directors, worked closely with him in presenting the industry's case to the then Chancellor, Sir Geoffrey Howe. Earlier in his BP career Walker was in charge of field development planning for the giant Prudhoe Bay fields in Alaska. He is, says Shelbourne. an out-and-out exploration and production man, with the emphasis on exploration—"And that's the way Britoil is too."

University, has kept a house in keen to return to Britain. He takes over on March next year — and Shelbourne insists no feathers will be ruffled in Glasgow by his

Walker, whose wife is English

## **Men and Matters**

#### Stone age

Add together the qualities of a Victorian style proprietor who and concentrates upon the business and his family life, and an entrepreneur fascinated by the workings of the City and you arrive at a vague approximation of Brian Beazer, chairman of the property and building group that bears his

A descendent of a Bath family building firm he came into the business in the late 1950s, But it was hardly Beazer's style to rest on the laurels of his father,

Brian Beazer, aged 49, floated the business in 1973, and has since pushed the company into

Yesterday Beazer attempted his largest-ever takeover bid, and won agreement for his £33m tilt at M. P. Kent, another west country building and property group.

An intriguing thread hanging in the train of this deal is the merged group's 20 per cent-plus take in Bath and Portland, the quartying group. History sug-gests that B and P should be on its guard.

Two centuries of Beazer tradition could be over, however, when Beazer hangs up his His daughter, reading classics,

#### Flat fees

It sounds like the dream story for all aspiring small business people—two London women have just started their own estate agency with a single client providing £150,000-plus Hilary Potter, aged 38, and her partner, Patsy Morgan, aged 44, are modestly prepared to admit their new business is enjoying an unusually smooth launch. "We efel we are somewhat fortunate in starting off with this calibre of client," says Hilary Potter sounding demure and professional.

While working for a big London agent, Hampton and Sons, the two women got to know the Scottish family company of Sir Ian Mactaggart, Western Heritable Investment Company, which owns 55 Park Lane, one of Mayfair's more luxurious furnished apartment

The flats were built in the 1930s by Sir Ian's brother John and have been managed as a family business ever since. When Sir Ian Mactaggart

heard that Potter and Morgan were thinking of setting up their own business he are ed them to handle the lettings and the management of the 150 flats in the block. The rents for this Park Lane

address range from £160 a week for a one-bedroom flat to £1,100 a week for one of the five penthouses. Total revenue exceeds £1.5m a year.

#### Sealink style

James and Shirley Sherwood reminded the world that train travel can be fun with their restored Orient Express. Now they intend to give sea passengers a similar deal. Sherwood's company, Containers, which runs the Orient Express between London and Venice, also bought the Sealink cross-Channel ferries

recently. Instead of closing the Ports mouth-Channel Islands service.

as the islanders gloomily prethe Sherwoods have asked the designer of luxury yacht interiors, Jon Bannen-berg, to give the worka ty ships on the route new comfort and style.

Next season it will cost a couple with their car more than £300 return to make the overnight crossing to the islands at top rates.

For that they will get dinner, a Bannenberg-designed cabin, full English breakfast and the pleasure of travelling elegantly with only 400 fellow passengers in handsomely refurbished ships.

Sealink is calling the Banneyperg way to the Channel Isles the "Orient Express of the Sea" — even the cheapie mid-weak fare will be £99.

But the route is going to have competition from a no-frills service provided by a rival com-pany called Channel Island Ferries (Jersey and Brittany money).

#### By name Yet another famous British

motor industry name disappears from production models today. Austin Rover, BL's subsidiary, is dropping the Morris badge. Only two years ago, the name which some would say was immortalised by the Morris Minor car—seemed safe when AR's chairman, Harold Mas-grove, announced the company would use Austin and Rover badges on its cars and Morris for commercial vehicles. But with the advent of the

Maestro van today, the Austin name will be employed for commercial vehicles too. The Morris company traced Dilliam Morris set up a garage in the Oxford area. He later switched to car production and became Lord Nuffield, one of

Britain's great industrialist philanthropists. Sad to see his name go in the same week that the British motor industry is celebrating with the Birmingham Inter-

national Motor Show.

Observer

## SKELMERSDALE There are still some small, medium Development Corporation. Speak to John Leigh. and large factories Industrial Developments Officer available. And some incredible bargains. Pennylands, Skeimersdale First.class,.. Telephone skilled, trained Skelmersdale and trainable

Skelmersdale Development Corporation

ICELAND'S ECONOMY

## Rumbles from a social volcano

By Kevin Done, Nordic Correspondent, in Reykjavik

strikers and the Government

have shocked many older Ice-

landers. With a land mass

greater than Ireland or East

Germany but a population of

less than 240,000, Icelanders are

used to working together to

cope with the rigours of life close to the Arctic Circle, They

are generally on Christian name terms with each other and are even listed in the telephone

The present acrimonious

tions with the public sector union. He was quick to call its

Mr Gudmundsson was a notable professional football

player in the 1940s and 1950s

with clubs such as Glasgow

Rangers, Arsenal of London and

AC Milan. A populist politician,

he startled the union days before the strike began by refusing to pay public sector workers their salaries as usual

one month in advance. That move seriously undermined the

The strike has taken other un-

usual twists. No sooner had the

state television and radio closed two weeks ago than illegal

union's meagre finances.

action a political strike.

book under their first names.

THE RASH of strikes and growing social tensions that have hit Iceland recently are threatening to blow of course one of the world's most daring experi-ments aimed at restoring order to an inflation - wracked

Fighteen months ago Iceland faced an inflation rate that for short periods was over 160 percent. Its new centre/right government opted for radical medicine. But for many, the ture is turning out to be worse

A volcanic island in the windswept North Atlantic, Iceland is used to dealing with natural eruptions, but the current social disturbances set off by its economic shock therapy are a new

The patience of public sector-workers, who claim the pur-chasing power of their wages has dropped by 25 per cent in two years, has snapped. Two weeks ago they went on strike demanding wage increases of 30

The best the Government has offered so far is 3 per cent from September 1 and a further 3 per cent in January, together with promises of unspecified cuts in income tax.

Iceland is something of a test. case for countries frying to beat hyper-inflation. "In May 1983 we had a similar inflation to Israel of 130 to 150 per cent," says Mr Thorsteinn Paalson, chairman of the Conservative Independence Party, the biggest in the ruling coalition. "Israel's inflation is now over 400 per cent and we are down to

There is much at stake in the wave of labour unrest. "This is the acid test of whether the government can make its policies stick." says Mr Johanes Nordal, governor of the central bank.

"We are living through the aftermath of the enormous shock of changing from 150 per cent inflation," says Mr Magnus Gunnarsson, director of the Icelandic Employers Confedera-

"If we lose control now it will take a generation before we can try again."

The government's hard line means that many public services are at a standstill. More than 11,000 of the island's civil workers are on strike although. The increasingly bard-line transport workers in Reykjavik tactics being used by both the

الموسوعة فيؤا والرأمية بإراق برائب البابات والز



Fishing: 70 per cent of export earnings

broke ranks yesterday and returned to their jobs.
Schools are shut, buses have not been running, postal services have ceased and the television and radio stations are off the air.

The island's newspapers have been closed for nearly five weeks and telex and telephone links to Iceland are at best spasmodic. Most importantly, leaders of the public sector union BSRB are seeking to increase pressure on the government by trying to stop flights to Keflavik, the island's international airport, and by preventing ships from offloading at ports. atmosphere is blamed in part on the unusual Finance Minister, Mr Albert Gudmundsson, 61, who is responsible for negotia-

The strike by customs officials at the airport forced the government at the weekend to draft in the island's chief of police to stamp passports and carry out rudimentary security checks to keep flights operating, but a skeleton customs service has since been restored.

The first lay-offs in industry are starting this week as the flow of raw materials through the ports begins to dry up. Several ships are anchored out-side Reykjavik because pilots are striking and cargoes cannot be cleared by customs.

government party, who are cam-paigning to break the state's asting monopoly. "It's as if the BBC and ITV

the radio's operators.

Police searching for the transmitter were refused entry to the party's headquarters by party officials, backed by Mr Gudmundsson, on the grounds that they had no search warrant. The equipment, however, was seized last week.

Meanwhile the police, who are also members of the striking public sector union but are forced by law to stay at their jobs, had to hear government ministers being interviewed by the illegal radio stations. They demonstrated their solidarity with the strikers by a march in full uniform through Reyk-javik with placards reading: "We are policemen not slaves."

Can the government stay the

Inflation has been cut around 13 per cent through the bold programme launched in May 1983. Wage indexation was abandoned, existing wage agree-ments were extended for several months and low nominal pay rises were imposed during 1983 and the first half of 1984. The currency was devalued by 14.6 per cent but has since been held firm, while successive steps have been taken to deregulate financial markets. Most interest-rate controls were finally swept away in August.

The measures have coincided, however, with a deep recession in the Icelandic economy, one of the most volatile in Europe because of its dependence on the fishing industry, which accounts for about 20 per cent of GNP and 70 per cent of export earnings. But their fortunes have slumped disastrously in the past three years.

The cod catch-the most valuable part of the total—has fallen from 461,000 tonnes in 1981 to an expected 250,000 tonnes this year. GNP overall has fallen almost 10 per cent in three years and living standards by 17 to 18 per cent over the past two years.

At the same time inflationary

one in the capital was being per cent, some of the highest run by leading members of the Independence Party, the main controls were relaxed in August.

The government's aim is to get inflation down to 10 per cent by the end of next year, but at a recent dinner party held for Professor Milton Friedman in closed down and the Tory party
in England began sending out
radio broadcasts," said one of
pessinistically expected inflation to rise to 30 to 40 per cent next year.

> With Madsight government officials admit that the main problem since May last year has been the failure to follow suffi-ciently strict fiscal and monetary policies to back the original package.

However, the consequence unemployment—is still largely unacceptable in Iceland. Despite the prolonged recession, the jobless total has barely moved above 1 per cent.

Instead, foreign bororwing has helped fuel a construction boom in Iceland in both the public and private sectors. A new central bank is under construction as well as a radio and television headquarters, a national library, a theatre and an airport terminal.

Credit demand has remained high, despite strongly positive interest rates, with many trawler owners in financial difficulties and households trying to maintain a standard of living in excess of income. Lending in the banking system jumped by 50 per cent in the 12 months to

With unexpectedly high imports earlier this year, the current account has slumped back into a deficit of 4 to 5 per cent of GNP, foreign debt stands at more than 60 per cent of GNP and the burden of servicing this debt is equal to about 22 to 23 per cent of annual export earnings

To hold down pay rises, Mi Steingrimur Hermansson, the Prime Minister, is trying to tempt the unions with a package of substantial income tax cuts to sustain the purchasing power of wages. The only resort left appears to be cuts in government investment expenditure or just as likely, increased

A priest who addressed the opening of parliament last week asked rhetorically if the country did not already have enough to At the same time inflationary live on, "maybe not in order expectations are still to be to play kings, but at least broken, and interest rates have enough to be men."

lies ahead By Kenneth Gooding, Motor Industry Correspondent

World motor industry

The tough road that

force yet maintain car output at participation in decision making". current levels without the need for new equipment. That, at least, is the conclusion reached by Mr James Womack who, with a team of industry experts and researchers, has spent the past four years analysing the future of the automobile.

In 20 years time, after the introduction of new production technology, all manual labour on technology, all manual labour on car assembly lines—currently the most labour-intensive place in any car plant—will have gone. Other manual work, for example in the design areas, will also be eliminated, along with several layers of manage-

wide could immediately dispense

with 40 per cent of its labour

The industry could be reborn from its own efforts—but at the expense of jobs," Mr Womack said in an interview. The challenge it faces is how to introduce Japanese manage-ment techniques and the new technology to change a low-tech industry to one that is vital and high-tech but with many fewer

Mr Womack, from the Massa chusetts Institute of Technology was in London for the launch of a new book\* which distills the wisdom accumulated in seven of the major car-producing countries. He and his col-leagues conclude that, compared with the peak reached in 1979. employment in the industry will fall by 37 per cent, or 1,362,800 jobs, by the year 2,000.

This is likely to occur even as car production grows in the seven countries by 30 per cent, from 20.5m in 1979 to 26.6m. One result will be a wholesale change in the industry's conduct of labour relations. A piecemeal

approach will not suffice, the authors argue. They urge managements and unions to "pursue a reform strategy that is based on enhanced cooperation and par-

in compensation, linking it closely to firm performance. In

THE MOTOR industry world- information on production and technological changes would help to sustain insti-tutions giving labour direct

> The authors point out that flexibility would help in the introduction of new technologies and the new forms of work organisation associated with those technologies.

increase workers' commitment economies of scale.

and reduce their fears of The programme
displacement by the new techfour factors which nology. Increased worker participation would help lower the future:
costs and heighten attention to New production hardware is

reaction of the major car individual product lines - and companies to these findings has will lower it further in the been "very favourable."

However, as the study asserts,

New product technologies
will ensure that the car remains
will ensure that the car remains

Wholesale changes in the industry's conduct of labour relations

play their part. There should be tax changes where necessary to encourage share ownership by workers; governments should facilitate the creation of flexible compensation systems and encourage a shift towards the payment of employee bonuses through appropriate changes in tax and legal policies.

retraining and relocation programmes and provide temporary income support for displaced workers.

The effort would be worth-while because, according to the study, the motor industry is almost certain to continue as the world's largest manufacturing enterprise.

strategy that is based on enhanced cooperation and participation because this approach offers the most joint gain with the least costly social conflict. What would a cooperative strategy look like? "Labour would accept increased work-rule flexibility and moderation in compensation. Unknown if the complementary was just settling the industry was just settling dwn from the convulsions world oil supply crises.

Other theories common then have also been overturned: One

was that intense pressure for energy conservation and exchange, management would environmental protection would provide workers with greater make the small or light car the fits from Alian & Unwin in the UK and employment security and more standard-sized vehicle in all from MIT Press in the U.S. and Japan.

markets-paving the way for a world car.

A second assumption was that competition in the new homo seneous product would be based increasingly on price and that high manufacturing volume would be the key to low cost.

Thus it was thought that six "mega-producers" would coalesce out of the 20 assembly Greater job security would in a race to keep ahead in

The programme identified four factors which have completely altered this vision of the future:

quality. lowering the minimum efficient
Mr Womack says that the annual manufacturing scale for lowering the minimum efficient individual product lines -- and

the prime means of personal transport and also enable the companies to offer a much wider range that will seem "sensible." There will be no need to repackage cars as small, spartan boxes: in fact the trend in the 1980s is towards a proliferation of styles.

 The social organisation of the production process is now in a dramatic state of flux in response to the Japanese innovations on the shop floor, in the supplier chain and in the financial system.

 The world's car markets have not switched to one single type of vehicle, as previously pre-

The upshot is that in 20 years time there is likely to be just as many car companies as today. The declining minimum efficient scale in manufacturing will give the medium-sized and specialist producers a "more level field on which to compete."

Mr Womack adds that governments need no longer be con-cerned that the multi-national producers will move car assembly to low-cost countries. The industry is at the forefront in the use of new technology requiring a great deal of know-how and a highly skilled work-force; it requires huge capital resources — elements more freely available in the industrialised countries than the developing world.

#### A soft landing tor sterling

From Mr R. Heinem Sir,—One of Mr Robeson's arguments (October 12) against stacting joining the European monetary system is now becom-ing irrelevant.

It is quite possible that ster ling's petro-currency status will diminish significantly over the next few years as North Sea oil production peaks, net exports of oil are reduced and British Gas imports high priced Norwegian supplies of natural gas. All these trends will be likely to significantly reduce Britain's current account surplus on the a severe sterling depreciation.

The time is now ripe for serious consideration to be given to the problem of how to prevent a severe depreciation and upsurge in inflation, undoing the good work achieved in 1e-ducing the rate of price increases. Joining the EMS to assist a "soft-landing" for sterling in the late 1980s is a real policy option. R. P. Heinemann.

12, Greystoke Road, Covershom, Reading, Berks,

#### Relief from the desert Prom: Mr W. Grey

Sir, — While admiring Mr P. W. R. Robeson's objections (October 12) to full UK mem-hership of the European mone-tary system for their heavenly length, may I point out that similar arguments were ad-vanced for years, at even greater length, against UK membership of the EEC? And where did that get us?

Mr Bobeson wasn't even being consistent. Having claimed that none of the currencies of the D-mark bloc, which according to him is what those participating in the EMS exchange rate in the EMS exchange rate mechanism make up in essence, have anything like the "international investment and trading clout of the pound," he nevertheless thought it "extremely unlikely" that the pound would keep pace with a rising D-mark once the dellar—whose continuing strength he gave as the reason why the EMS has been so stable for the past 18 months—began to fall. Can he have it both ways?

both ways? As for his preference to wait until there is a more general return to international exchange return to international exchange rate stability. "including not only the Europeans and the Japanese but also and especially the Americans," this would, of course, make the EMS or any system like it, quite unnecessary defects and exactly what level defects and exactly what level defects and to be demonstrated by all concerned. In the meantime,

#### Letters to the Editor

isn't an oasis a precious relief [ from the desert? W. Grey, 12 Arden Road.

Finchley, N3. The Housing

**Defects Act** From Mr D. Lloyd

Sir,—Mr Ian Gow, Minister of Housing and Construction, has shed some interesting light on the expenditure limit for reinstatement of houses under the Housing Defects Act in his letter (October 5) letter (October 5).

It does, however, overlook a central point made in my previous letter (October 1) in that it will be a very long time before schemes are approved to allow work to proceed on repairs. It must also be stated that defects in a particular type of house named in the Act can vary from minimal to very severe from area to area and even within one estate; thus the extent of repairs required to any one privately-owned property will similarly

vary.

The building societies, however, look as if they will insist on schemes which totally remove any dependence on the existing structural members whether they are perfectly sound or not notice to be-come mortgageable. This will result in an unnecessarily high burden on local authorities and the taxpayer and in cases where there are very high numbers of privately-owned properties, local authorities will be unable to meet such a bill without drastic reductions elsewhere.

Good examples are Bristol, 1,000 privately-owned, thus costing £14m, and Birmingham Mr Gow also refers to the "buy back" option. This would result in even greater expenditure, as the authority is obliged to purchase at the defect-free value and is then left with exactly the same problem in repairing the properties to a level which would enable the tenant to exercise his right to

buy and would need to know that the house would be mort-

gageable at some time in the

future—hence the whole series of events start again.

gramme of replacement when that life has run its full term.

But this vital work must continue. Unless such a course of action is adopted local authorities will and indeed are, avoid-ing committing themselves to expenditure and are waiting for further guidance from central government. I only hope it will be forthcoming.

D. D. D. Lloyd. Score House, Hitchen Hatch Lane, Sevenoaks, Kent.

Heavy import

From Mr D. Dodd. Sir,-I too noted from your article on the Sony portable compact disc player (page 1, October 3) that whereas it "will cost £163 there (in Japan)" it will "be in British shops . . . at around £300."

Unlike Mr J. R. Nichols, however, who suggest (October 10) that the 100 per cent mark-up has to do with the "greed of dismibutors," I suspect instead that the more likely explanation is the "Buy British" bias which impress a heavy import duty on imposes a beavy import duty on imported electronics goods imported (and imported electronic goods in generally Japanese particular).

David K. Dodd. 9c, Thistle Grove, SW10.

Post-tax

From the Group Treasurer, Meial Box.

Sir, - The advanced in S. W. Penwill's letter September 25 for calcubasic the rationale for post-tax

and the effect of tax on cor- fast uninterrupted motorway porations differs from company and rail links into Europe nov the other variables such as in- of our exports. This would terest rates, exchange rates loosen up the restrictions cur and GNP growth that are pro-perly regarded as problems to cut the costs of transport, be managed effectively by a Financed by private capital and

Tax is a charge against earnings that is as real as interest or wages and is equally sus-ceptible to careful management. To ignore tax invites a com-pany to invest in areas where 3rd Floor, NLA Tower, after-tax returns may be in-

in the territories in which we to 77 per cent. It would be negligent to ignore these variances when making invest-ment decisions and clearly misleading to shareholders to report an EPS that in part should be reduced by 77 per Minimisation of a corporate

case the marginal rate of tax

tax charge is a business activity which can be as rewarding to shareholders as productivity gains, market growth and other laudable objectives, to be ignored at the shareholders'

David J. Westby. Queens House, Forbury Road,

Fixed Channel

link

From the Chief Executive, Euro Route

Sir,-Mr Colchester's balance article "Time to channel our energies (October 8) outlined the volume of traffic crossing between Britain and the Continent and the justification is gives to the construction of drive-across link. Your correspondent Mr J. Bourlet (October 11) criticises the figures by implying that it would require a forced concentration of traffic by Government on to a fixed link from ports around the country for it to be successful. This is not true.

Last year, 13.95m passengers and 690,000 lorries passed through Dover alone, ignoring the other south-eastern ports. This traffic is still growing rapidly and the Government expects total passenger and freight movements to more than double by the end of the century. There is already a concentration of traffic on the short sea route.

The proposed EuroRoute road and rail link will yield 9 per cent on its capital above any inflation on the assumption that it takes only 30 per cent of freight and 60 per cent of lating earnings per share on car passenger traffic. This is pre-tax profits seem to ignore modest. The real issue, however, is whether Britain is to be put on an equal footing with Of course, tax rates change its European competitors with company, but so do most of taking more than 50 per cent creating 50,00 new jobs in Britain during construction at a time of spare resources, it would bring great benefits to

K. W. Groves, adequate. In my company's Croydon, Surrey.

the country.

75% first year capital allowances will pass into history at midnight on 31st March 1985 – a date soon to be upon us.

But for the present, they are still available. And our ability to obtain them means that we can provide more advantageous terms for a three, five or seven year leasing contract than will be possible after 1st April 1985.

Remember, for many companies, tax based leasing is more cost effective than other forms of medium term finance. But, for 75% capital allowances, it will soon be 'last orders, please!'

> ACT NOW TELEPHONE JIM HASTIE ON 021 455 9221 OR JOHN McDERMOTT ON 01 920 0141



## **FINANCIAL TIMES**

Tuesday October 16 1984



## Airfone puts conversation on a higher plane

BY KEVIN DONE IN STOCKHOLM AND ALAN FRIEDMAN IN MILAN

ver can be fulfilled."

ty shareholder, to pay substantial fines.

BY TERRY DODSWORTH IN NEW YORK

A MASSIVE assault by the booming U.S. car telephone industry this year has meant that all self-respecting American executives ought by now to have turned their modest means of transport into what Madison Avenue calls a "business tool." However, until yesterday, they could at least escape the phone in

Now, courtesy of Airfone, the U.S. airline industry is turning many of its long-range aircraft into business tools as well. If Airfone has its way,

it will not be long before the same thing happens to American passen-

problem that has foxed the communications industry for years - how to achieve a reliable, high-quality telephone service linking commercial airliners with the ground over which they fly. The only small crumb of comfort for those who like to have a quiet nap aloft is that it

MR ANDERS SCHARP, managing director of Electrolux, the Swedish

appliances group, confirmed yester-

ay that an investigation by the

Italian Treasury into past currency transactions at Zanussi had intro-

duced a new element of uncertainty

into his company's long-delayed

takeover of the financially troubled

Italian white goods manufacturer.
"We are not going to enter into

something that gives us future problems," Mr Scharp said. "In the

next two weeks we must decide

how serious this is and whether the

conditions we have set for our take-

over can be fulfilled."

to enter that market over the last ew years. However, as American never satisfied with their technolo-

American received one of the first calls early yesterday morning - ringing in as clear as a bell, it said, all the way from Chicago to the company headquarters in Dal-las, Texas. Over at Airfone, besieged by such a flood of telephone

Italian currency inquiry

threatens Zanussi move

in Italy before deciding how it

should react to this latest obstacle

to the deal, which has already been

held up by delay on the part of a

few foreign banks in approving a

The Italian Treasury investiga-

tion, which has not been officially

announced, is concerned with al-

leged irregular foreign currency transactions by Zanussi in 1978-79.

Electrolux's concern is that if

charges were to be brought against

Zanussi as a result of the investiga-

tion, the Swedish company might

be forced, as Zanussi's new majori-

Eels show slower growth as

result of UK miners' strike

debt restructuring formula.

Many U.S. companies have tried to get through, the experiment was declared to be "pretty positive." owned by Western Union Communications, a private company set up by Mr John Goeken, one of the

founders of MCI Communications. Mr Goeken left MCI, now the sec-ond largest long distance telephone company in the U.S. behind AT & T for this entrepreneurial venture in the time since then to make the sys-

creditors with relatively small expo-

sure have yet to accept the restructuring proposed for the Zanus si group's \$550m debts, although a

working group representing foreign banks reached agreement in princi-

ple with Electrolux three weeks

The Lugano-based Banca Inter

popolare, which is 40 per cent owned by Sig Orazio Bagnasco, an

Italian property magnate, has not agreed to the proposed solution.

In addition, the Monte dei Paschi

di Siena group has also expressed

deal. Italian International Bank, its

will not be ideal for negotiating a confidential deal or a discreet rendezvous. Subscribers activate the system by using any of six credit cards in a slot alongside two telephones fixed into the bulkheaps of the first and business class com-

Once the card has been accepted the cordless phone can be removed 1975. It has taken the company all and used from the passenger's own seat. Conversations will be limited

## Duarte meets rebel leaders

PRESIDENT José Napoleón Duarte of El Salvador met left-wing guerril-la leaders in the traditionally rebelhold town of La Palma yesterday in the most concerted attempt so far to end the country's five-year-old civil

Several thousand peace demonstrators packed the town, close to the Honduran border, as President Duarte accompanied by General Eugenio Vides Casanova, the defence minister, and senior adviser: met the rebel delegation.

Logistical problems were under stood to have prevented the participation of the senior rebel leader, St Joaquin Villalobos. President Du-arte said Sr Villalobos had been "blocked" in the eastern province of Morazan, presumably by military operations in the area.

A request from the rebel leader for helicopter transport could not be met, President Duarte said. The most senior guerrilla leader at the talks was Sr Ferman Cien-

fuegos, who leads rebel forces on Guazapa volcano, north of the capital. San Salvador. Roman Catholic church leaders, led by Monsignor Arturo Rivera y

Damas, were acting as mediators a U.S. Democratic Senator Paul Tsongas, who was invited as an ob-

server, by both sides, said his expectations on the outcome were "I think what it has to lead to is

some structure for a further meet-Argentine loan talks, Page 6

#### London vetoes Telecom-IBM data network

Continued from Page 1

compete fully in those markets and did not rule out partnership arrangements between the organisa

which the joint venture would have

offered.

IBM had seriously considered launching a data network in the UK on its own before deciding to join forces with BT and had already car-

computer company to expand in telecommunications. BT hinted yesterday that the Government's decision might affect

It said that it was reviewing the implications for PSS, for which it recently doubled its investment budget to about £80m (\$96m). BT

tures of the BT/IBM joint venture was that it would have been based on IBM's proprietary data communications standards, known as Sys-

already strong grip on the computer market. They also argued that it conflicted with the Government's commitment to the development of a set of internationally agreed, independent, standards known as Open Systems Interconnection

THE LEX COLUMN

## Making waves in the North Sea

Norwegian state oil company was accompanied by some tedious double-speak - an "official" price is per barrel - but the message to the market was clear enough. Statoil has deserted the beleaguered camp of contract price defenders and of contract price defenders and joined the spot market followers. In so doing, it has sapped much of the additional morale spread by BNOCs steadiness last July. By shifting its 290,000 b/d effectively to \$28.50 per berrel, it has also left BNOCs \$30 contract price looking decidedly presented.

North Sea total production of 3.2m b/d. But they probably represent about half as much as BNOC is now selling by contract to third parties. Some confusion about the details of Statoil's new policy also appears to have given it a greater immediate impact. Above all, though, the change has come at a most unfortunate moment in the negotiation of BNOC's fourth-quarter contracts and might almost have been calculated to cause the maximum uncer-

decidedly precarious.

The amounts of crude involved

are meagre when compared with a

After Statoil and BNOC, of course, there are very few price dominoes left in the line of collapse before it reaches Opec. This seems bound to cause the market at least a few more nervous sessions in the circumstances and possibly something worse. For Opec's mid-sumported to have been partly reversed, with extra crude shipments from Nigeria in particular helping to lift the total from 17.5m b/d to perhaps

tainty about its intentions.

Rising supplies have not been matched this autumn by any seasonal lift in demand: this occurred most unseasonally in the second quarter and total free world stocks currently stand broadly in line with this time last year. No doubt a cold winter could scatter the bears, but the prospects of an eventual Opec cut look harder to dispel.

Meanwhile, Opec's marker price may already be applicable to as little as half total crude deliveries and the present slow erosion of Opec's market could be on the point

Retail sales

provisional look about them. The seasonally adjusted volume index rose by more than 3 per cent in the course of the month, which, allowing for the miners' strike and highor mortgage rates, suggests there is something wrong with either the adjustment or the British consum-

The government computer may be partly responsible – it probably failed, for example, to recognise the effect of last month's sudden change in weather on clothing and footwear sales. But all the evidence from the High Street points also to an underlying level of consumer spending which is remarkably

uoyant for this stage in the cycle. Clothing aside, the main beneficiaries appear to have been non-durable goods such as alcoholic drinks. If, as seems plausible, consumer spending grows by more than 3 per cent in volume terms this year, then that will be difficult to square with the official figures for rage earnings. The most recent data points to an increase only just above the rate of inflation - August figures are due tomorrow - but the underlying level of earnings growth may by now be as high as 7% to 8

#### Novo Industri

tember have a more than usually Sales will apparently increase by hold their shares.

per cent expected in August, and earnings will not top last year's

Yesterday the share price again took a tumble—from 127% to 122% leaving Novo on a prospective mul-tiple of around 11 times. Yesterday's reappraisal was, if anything, more severe than the August downgrading. Whereas the market was then prepared to accept the humdrum profits as temporary, now even the company is talking of modest sales growth until the end of next year.

In the U.S., Eli Lilly is attacking Novo's insulin market, while its enzymes division – the bread-and-but-ter business in the group – is suffermer customers. Novo is responding with increased investment in mar-kesing and R & D, but that is bound to eat into margins at a time when volume growth is slowing. So, for the moment at least, the Novo share price may be keeping company with the chemicals sector rather than its old friends in bio-

#### Barlow/Bibby

At 90.5 per cent, acceptance of Barlow Rand's offer for Bibby has probably fallen just short of the em-barrassing level where the rump would be small enough to endanger Bibby's London listing - one of the things that Barlow was most anxious to acquire. With nearly £30m (\$36.3m) worth of Bibby's equity still on the loose, it should be possible for the Stock Exchange to regard the minority as forming a re-spectably liquid market. From that point of view it is all to the good that Barlow's programme of non-South African expansion via Bibby should quite rapidly increase the

M sterr

व्यक्तिस्त

agreed.

It is less clear that the same will in the long run be true of the Lon-don market in Barlow's own shares, When Novo Industri shocked the thin side, Barlow must be quite enmarket in August with poor interim couraged by the amount taken up in results, its share price took a case this takenorer, and particularly by dive. Having burnt its fingers once, the company has now decided to than the basic number of shares, treat the market more gently. Just but about 4 per cent of Barkw's istra months after making encourage, and capital seams to be in the two months after making encourag- sued capital seems to be in the ing noises about second-half pros- hands of people who underwrote pects, it has changed its tune well in the cash offer for Bibby. It will be advance of the full-year figures. interesting to see how firmly they

## Split in ranks of **Icelandic** strikers

By Our Nordic Correspondent

SPLITS IN the ranks of the 11,000 striking public-sector workers in Iceland are threatening to undermine the two-week stoppage that has brought the country's vital seaborne trade to a standstill.

Local-authority workers in Reykjavik, the capital, have broken away from the dispute and appear to have reached a separate prelimiwhich yesterday allowed public transport services to resume.

At the same time a split has emerged among striking customs officers, with those at the airport returning to work while their colleagues at the ports are still

Their action and a strike by harbour pilots has halted all shipping to the island.

The local authority workers are understood to have made a preliminary agreement for staged pay ins that might eventua amount to about 14 per cent with the agreement lasting to the end of

The deal is well below their original demand for an immediate 30 per cent rise.

Reuter adds: Mr Kristjan Thorlacius, leader of the 14,000 publicsector workers still on strike, said he was angry that the city employ-ees had broken rank and described Generating Board. the municipal wage agreement as

Public-sector unions are demanding wage increases of up to 40 per cent to compensate for what they say is a drastic fall in living standards since the right-wing Government of Prime Minister Steingrimur Hermannsson came to power

Government officials said the agreement might lead to a breakthrough in negotiations Rumblings from a social volcano,

Page 17

#### Prime cut fails to halt the soaring dollar

Continued from Page 1

rate back down near the levels of earlier this year before U.S. shortterm rates began edging higher. However, since the start of Sepled by the overnight Federal Funds rate - have tumbled, in part reflecting a slightly easier monetary stance by the U.S. Federal Reserve Board justified by a slowing pace of economic growth and well behaved monetary aggregates.

The funds rate has fallen from around 11.75 per cent at the start of September to 10.5 per cent or lower, while the rate on three-month Treasury Bills has declined from more than 10.6 per cent to less than 10

Until last week, bank Certificate of Deposit (CD) rates - a key factor in bank funding costs - had lagged the general decline in short-term rates, perhaps reflecting investor caution over bank earnings and the and inefficient way of unloading strength of the U.S. banking sys- the surplus.

World Weather

## **EEC** moves to cut butter mountain

EUROPEAN consumers will get bargain price of \$450 a tonne, prohalf-price Christmas butter again this year, and buyers outside the EEC will be able to buy old butter at only a fifth of the official price, the European Commission announced

The moves to reduce the size of the European Community's 1.25m-Tonne butter mountain, and make a

BY QUENTIN PEEL IN BRUSSELS

political gesture to popular opinion were announced by Mr Poul Dalsager, Commissioner for Agriculture, to the culture committee of the European

Parliament yesterday.

A total of 200,000 tonnes of fresh butter will be made available from the EEC stores at a price of Ecu 160 (\$115) for 100 kg for the Christmas butter handout. The system is being reintroduced as a result of political pressure from member states, in spite of the argument by commis-sion officials that it is an expensive

At the same time, any interna-However, CD rates fell sharply tional buyers will be offered the tale last week chance of 18-month-old stocks at a

Thanks to the coal strike, the eels

sands of eels, mostly intended for continental markets, being bred by Ranks Hovis McDougall in warm water from the cooling towers of the pride of the Central Electricity

that it had decided to wind up its 75 which the CEGB is the only other find a buyer, Europe's largest intenof Britain's most militant coalfield. even if the power station starts But RHM explained that its eels

were not staging a "grow slow" in solidarity with local miners.

Their growth had simply been stunted by the CEGB's decision to five years ago and costing £750,000 stunted by the CEGB's decision to five years ago and costing £750,000 switch off the power station six (\$906.375) - has not yet made a prof-

BY MAURICE SAMUELSON IN LONDON THE BRITISH miners' strike has months ago, thus cutting off the it and its prospects were being had a startling effect on the life expectancy of some of the neighbours cannot grow large enough to be station went cold.

of the nation's biggest coalfired power station at Drax, Yorkshire.

They are the hundreds of thousaid: "All they are doing is swim-ming around, eating and becoming

other two years of this luxurious existence before they are saleable. Whether they enjoy that luxury per cent stake in the venture, in depends on whether RHM finds a buyer for its indoor tanks and 20 shareholder, and that unless it can acres of outdoor lagoons. The alternative is rather more ominous sive eel farm will close. RHM is resolved to quit the busi-The village of Drax is in the heart ness, whether or not it is sold, and RHM is resolved to guit the busi-

> working again soon. So far, no buyer has materialised,

vided they also buy full-price butter

ordinated the announcement of the two deals to minimise the political

There had, however, been great expectations when RHM began stocking the farm with elvers – baby eels. RHM identified a demand for 30.000 tonnes of eels a year in Europe. There was production shortfall in Continental Europe of 5,000 tonnes, which is currently drawing in imports from North

The power station water warms the outdoor lagoons into which the elvers are transferred once they have reached adulthood. The warmth increases the productivity since it allows them to be active

throughout the year. From a first-year output of 5 tonnes, yearly sales had last year reached nearly 130 tonnes - 750,000 eels and a turnover last year of

Miners' talks resume, Page 11

## **British coal** strike talks

Continued from Page 1

embarrassment of disposing of the members should cross butter surplus outside the EEC at a lines or not be paid.

fraction of the price demanded of consumers within it.
Officials maintain, however, that the system of Christmas butter, discontinued last year, is an inefficient way of increasing consumption. They say the cost amounts to some \$240m, but overall increase in butter consumption is unlikely to reach 60,000 tonnes out of the 200,000 dis-

The deal was welcomed yester-day by members of the European Parliament, with some reservafull weight." Mr David Curry, a British Conservative and former chairman

ofthe agriculture committee, said he would have preferred a system reducing the retail price of butter

conomic pits are at the centre of the dispute with the NUM. The dis-pute with Nacods was caused by the board's insistence that Nacods members should cross NUM picket

that collieries could be investigated in line with the principles of the Plan for Coal under the colliery re-view procedure." The Plan for Coal, originally drawn up 10 years ago, is a tripartite agreement between boards union and government.

line with the Plan for Coal," fearing that the Acas formulation would have allowed pit closures on un-

## break down

The procedure would, under the agreement, have been amended to include an appeals body whose judgements would not have been binding on either party but to which they would have guaranteed to give

The board's plans to close un-

The Acas proposal had proposed

The NUM had insisted that the draft be amended to read simply "in

tion and other companies in the fu-

BT would not say yesterday whether it planned to take up the Government's offer of a separate licence. IBM said, however, that it was examining alternative ways of providing the kind of services

ried out limited trials between several customer sites in Britain. BT has always been nervous about the prospect of having IBM as a competitor. One of its main arguments in support of the planned BT an opportunity to influence at-tempts by the large U.S.-owned

plans for its mainstream national data network known as Packet

has previously said that the PSS project was quite separate from its planned link-up with IBM. One of the most controversial fea-

tems Network Architecture.
Other companies claimed that
this would have reinforced IBM's

The Government said yesterday that companies operating managed data network services would be allowed to base them on their own standards initially. Their licences would require them to provide full



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connection with equipment designed to OSI standards, however.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented the Board of Directors, F. Bartow, R.A.F. McClean, G.T.S. Damer, M.C. Gorsigned to OSI standards, however.

## Pressure on oil prices

Continued from Page 1

EEC farm price fixing, Page 36

on last Friday.

BNOC had been completing its at- nue from North Sea oil companies tempt to hold the official UK oil profits. price at \$30 a barrel for the fourth quarter. Those companies which that a cut in all North Sea oil prices had already agreed to the \$30 price might force Opec to cut prices, have done so on the understanding which might lead to a vicious circle that they could reopen negotiations for a lower price, if the market did Abu Dhabi is under pressure

ence) by 36 cents a barrel. Yester-day the buyer-seller rate for it was in the \$27.85-\$28 range, slightly up ever the British Government would face an immediate loss in tax reve-

> The London Government's fear is that a cut in all North Sea oil prices

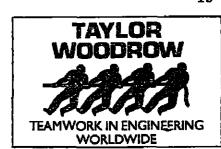
to have effectively reduced the rate did not follow the Norwegian lead it for the crude (Opec's price refer- could lose about £10m (\$12m) in

not improve. from them to cut the differential on Mr Mehdi Varzi, oil analyst at its onshore Murban crude by 50 from them to cut the differential on London stockbroker Grieveson cents or so as well to ease the tax Grant, said yesterday that if BNOC system

## SECTION II - INTERNATIONAL COMPANIES

## FINANCIAL TIMES

Tuesday October 16 1984



## **Fannie** Mae plunges into loss

By William Hall in New York

THE Federal National Mortgage Association (Famile Mae), the U.S. government sponsored agency which refinances house mortgages, suffered a third-quarter loss of \$43.1m. The company was hit by rising interest rates and higher loan

In the comparable period last year Fannie Mas earned \$24.8m. The latest loss follows six consecutive profitable quarters for the com-pany, which buys mortgages from the U.S. savings and loan industry. The company was established by the U.S. Government in 1938, but was floated off to the private sector

It is the second biggest borrower in the U.S. finanical markets, after the U.S. treasury, and is vulnerable to rises in interest rates which hit the profitability of its mortgage portfolio, much of which is priced at

fixed rates. Mr David Maxwell, Fannie Mae's chief executive, attributes the thirdquarter loss to a \$56m negative interest margin and a \$35m addition

to its allowance for loan loses. The company, whose shares are traded on the New York Stock Exchange, says that a large part of its negative interest margin was the result of the need to refinance cheaper debt at higher interest

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In the third quarter Fannie Mae issued \$11.4bn of debt at 12.49 per cent and redeemed \$11.1bn at 10.10

#### TRW shows continued strength.

By Our New York Staff

TRW, the Cleveland-based engineering, electronics and vehicle components company, increased its het carnings by 33 per cent in the third quarter, from \$58.8m, or \$1.59 a share, to \$78.4m, or \$2.10. Sales reached \$1.51bn, a 14 per cent improvement on the \$1.32bn achieved

o the same period last year.

The third-quarter periormance reflects the continuing strength in TRW's main markets - the vehicle components industry, space and electronics systems, and the industrial and energy sector. At the same time, the company is continuing to benefit considerably from the costcutting measures it took during the

rcession.

The figures showed a strong advance on the previous three months, when TRW earned \$68.8m, or \$1.84 a share, despite the slowdown in the U.S. economy. For the first nine months of the year, the group's net income amounted to \$207.2m, or \$5.55 a share, compared with \$152.6m, or \$4.12 a share.

#### **Diversifoods** bid agreed

By Our New York Staff DIVERSIFOODS, a Chicago-based group that operates over 1,400 fast

food restaurants around the U.S., has agreed to a \$525m buyout led by the company's chief executive, Mr Donald Smith, and an investor group headed by Allen & Company. Diversifoods earned \$15.2m from continuing operations on sales of \$271m in the first six months of 1984. It has shareholders funds of \$193.81m.

The company was formed late. last year from a merger of Chart House, the biggest franchisee of Burger King restaurants in the U.S., and Godfather's Pizza, another fast food chain:

## Chase Manhattan third quarter profits fall 14%

BY PAUL TAYLOR IN NEW YORK

largest U.S. banking group, yester-day reported a 14 per cent decline in third-quarter earnings. Chase revealed that it had used the proceeds of a legal settlement with Drysdale Securities to bolster loan-loss provisions against its developing country loan portfolio by \$50m in the latest

The decision to step up the loan-loss provisions follows similar moves by several other major U.S. banks. First Chicago last week re-ported a \$71.8m third-quarter net loss after writing off \$279m in probproceeds of the sale of its headquarters building to increase provisions, and Manufacturers Hanover lifted

its loan-loss reserve by \$41.8m. group reported third-quarter net earnings of \$93m or \$1.79 a share, compared with \$108m or \$2.76 a loan-loss provision to the 1923 country. The New York-based banking share in the 1983 quarter.

\$8.18 a share a year earlier.

shares outstanding.

Chase said that the sharp earnings per share decline reflected in-creased preferred stock dividend requirements, attributable to preferred stock issued in conne with its recent acquisition of Lincoln First Banks and an increase in the average number of common

The banking group added that its third-quarter net earnings included a \$49m pre-tax (\$20m after-tax) gain on the settlement with defendlem loans, Security Pacific used the ants in the Drysdale Securities and Drysdale Government Securities case resulting from the security dealer's collapse in May 1982. Chase said this gain was effectively offset by a \$50m additional provision for

Chase said that it increased its loan-loss provision to \$125m from \$75m in each of the first two quar-The latest results lifted earnings ters and \$70m in the year-earlier in the first nine months to \$286m or period despite lower net loan

CHASE MANHATTAN, the third \$6.44 a share, against \$320m or charge-offs, which fell to \$51m from largest U.S. banking group, yester-\$8.18 a share a year earlier. \$6.1m in the 1963 quarter.

The additional \$50m provision, "was made in recognition of continuing uncertain conditions in certain developing countries," Chase

As a result Chase reported a

\$738m reserve for possible loan losses at the end of the quarter, up from \$635m at the end of the 1984 second quarter.
The banking group said its non-performing loans totalled \$2.1bn or 3.39 per cent total loans, against

\$2.2bn at the end of June, and \$1.9bn or 3.52 per cent a year ago. About \$570m of loans to Argentine borrowers were included in the latest total, compared with about \$140m at year end. Chase Manhattan said that as a result of retained earnings, new

capital issues and the increased reserve for loan losses, its primary capital ratio increased to 6.27 per cent at the end of the quarter, up

## Australian to become first chief executive of Britoil

BY DOMINIC LAWSON IN LONDON

BRITOIL, the UK's largest independent oil company, has appointed its first chief executive since it was split from the British National Oil corporation and privatised almost corporation corporat

two years ago. Mr David Walker, a 50 year-old 1. Mr Walker has been a BP employee since 1959, for the last two years as director of Resources Development, BP Australia. A geolorole in Britain was in his previous BP position as chief executive of BP Petroleum Development UK.

Under his leadership BP started to switch its investment away from the North Sea, in protest against what the company saw as punitive-

Australian, is to take over on March worries in UK financial circles feathers at Britoil because an outabout Britoil's corporate structure. sider had gained the coveted job. The company had two managing directors, Mr Ian Clark and Mr Mal-colm Ford, but no chief executive. has been leading Britoil's interna-tional diversification, is five years gist, Mr Walker's most prominent
The two managing directors work younger than Mr Walker, so could role in Britain was in his previous in Glasgow, Britoil's base, while the still be regarded as a future contencompany's chairman, Sir Philip der tor the post of chief executive.
Shelbourne is based in London.

Mr Michael Unsworth, analyst at Shelbourne, is based in London.

oil company delegation to the Chan-cellor of the Exchequer at the time, Mr Walker had wide international dustry."

North Sea than any other company. executive, but Sir Philip denied yes-The appointment has resolved terday that there were any ruffled He pointed out that Mr Clark, who

Sir Philip said yesterday that Mr brokers Scott Goff Layton, said yes-Walker was chosen partly because his career has been based in oil extra that Britoil had managed to find a ploration rather than retailing, and chief executive, but that it was surly high tax levels. Mr Walker led an Britoil is a pure exploration and prising that the company had not

#### **Southwestern Bell** U.S. shipping line doubles exceeds forecasts net income

BY OUR NEW YORK STAFF

It is the first of the seven regional telephone companies spun off from Bell's chairman and chief executive, AT&T at the start of the year to an

gional groups, the latest earnings are better than forecast.

The latest Southwestern Bell ploy technology. By following such earnings, which are 13 per cent higher than those in the second

quarter, lift nine-month net earnings to \$659.5m, or \$6.78 a share, on revenues of \$5.3bn. The company

SOUTHWESTERN Bell yesterday vided a more representative view reported third-quarter net earnings than quarterly results because of of \$242m, or \$2.47 a share, on reve-continuing dive stiture-related adjustment

nounce its third-quarter results, trol and an improving economy, Like previous results from the re-contributed to increase net income. He added that the telephone coma capital deployment strategy we

seek to both protect and increase telephone company revenue. Southwestern Bell serves about 8m customers in Arkansas, Kansas, said the accumulated earnings pro- Missouri, Oklahoma and Texas.

## Electronics groups advance

BY OUR FINANCIAL STAFF

Ohio-based NCR, whose products range from large computers to elec-

tronic cash registers, posted thirdquarter net earnings of \$96.9m, or 95 cents a share, against \$70.2m or 64 cents. The latest quarter includes a non-recurring gain of \$30.6m because of 1984 tax legislation. For the nine months, net profits

NCR and Burroughs, the U.S. electrose from \$173.2m, or \$1.58 a share,

tronics groups, yesterday produced sharply higher third-quarter profits, although NCR's advance is entirely the result of tax changes.

Ohio-based NCR where models are the changes.

Ohio-based NCR where models are the changes. Mr Charles Exley, chairman, said worldwide orders showed a good gain during the period.

Burroughs, a leading producer of data processing and business equip-ment, lifted third-quarter net earn-ings from \$38.6m, or 92 cents a share, to \$50.2m or \$1.11, taking nine-month earnings to \$150.5m, or \$3.32 a share, against \$115.5m or \$2.74. Revenues were \$1.15bn

## By Our New York Staff

AMERICAN President Companies, the U.S. west coast container shipping group, has reported a 93 per cent rise in its third-quarter net income to a record \$38.7m and plans to raise upwards of \$60m through a common share issue.

American President, floated on the New York Stock Exchange last year, is staging a rapid recovery from early 1983, when it was losing money. The company said the re-cord results are due primarily to the continuing increase in container trade volumes from Asia to North America, higher U.S. import cargo rates, improved operating efficiency and the company's ability to attract an increased percentage of higher-value, higher revenue car-

go.

The company, which is relatively highly geared, has also filed a registration statement with the U.S. Sec-urities and Exchange Commission covering a proposed issue of 2m

The group's revenues rose by 10 per cent in the third quarter to \$235.4m and for the nine months revenues are 23 per cent ahead at \$686.1m. Net income for the nine month period has jumped from \$11.1m to \$81.8m or \$7.03 per share. The scale of the improvement in American President's performance is underlined by nine-month earn-(\$1.03bn) in the latest quarter, and (\$3.49bn (\$3.08bn) in the nine months (\$3.08bn) in the nine (\$3.08bn) in

## Time lifts quarterly earnings by 52%

BY OUR NEW YORK STAFF

TIME, the U.S. magazine and puberated a 35 per cent increase in edor 72 cents a share.

The underlying performance of the group, which, helped by buoyant magazine readership, was even stronger, since last year's net figure included a \$6.96m non-recurring gain from divested and discontinued operations. This left its net income from continuing operations in the same period last year at \$23.3m or 36 cents a share. •

Mr Richard Munro, president and chief executive, said the magazine last year, after accounting for a earnings were holstered by Olympics-related advertising, which generated advertising, which generates a specific property of the second state of the second s

lishing group, lifted third-quarter vertising revenue over the previous earnings by 52 per cent from year. Sports Illustrated's Olymic is-\$30.3m, or 47 cents a share, to \$48m suc had been a big contributor to sue had been a big contributor to this jump.

The book publishing division recorded a solid profits improvement, Mr Munro added. Sales rose in the three months from \$657.9m to \$751m, while in the

first nine months of the year they were up from \$1.95bp to \$2.2bp. Net profits in the nine months amounted to \$149.7m, or \$2.31 a share, against \$114m, or \$1.79 a

share last yeer. Earnings on a continuing basis

## chiefs to quit after takeover

THE president, finance director and two top divisional managers of KemaNobel, the leading Swedish chemicals group, have announced they will resign after the unwelcome takeover last month by the Bofors armaments

The announcement came as KemaNobel reported a strong profits rise for the eight months ending August, with pre-tax earnings before extraordinary items up 25 per cent to SKr 408m (\$46.8m). The full-year figure, including income from the sale of its petrochemical assets, will virtually double to SKr 1hn, the group reported.

Mr Ove Sundberg, the manag-ing director has made no secret of his opposition to the Bolors scheme after several years at the head of an independent restructuring effort which has begun to bear fruit. He released no state-

KemaNobel has been moving away from the plastics material sector into special chemicals and consumer products, including paints and glues.

Total sales and other income climbed to SKr 4bn, an increase of 27 per cent adjusted for dispo-sals. Sales in the adhesive and paints division climbed from SKr 941m to SKr 1.3bn, and turnover and earnings grew strongly in all

## KemaNobel Saab to step up car output as sales climb

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SAAB-SCANIA, the Swedish motor maintained over the rest of the and aerospace group, increased its year. profits by 35 per cent in the first Pro eight months of the year.

that it is to expand its car produc-tion capacity by 25 per cent to 150,000 cars a year over the next 340, both of which were launched three years with an investment of earlier this year. some SKr 360m (S41.3m) in new The group's for

Group sales rose to 27 per cent in the first eight months to SKr 16.2bn while profits before extraordinary

Gerives some 62 per cent of turnover from outside Sweden.

Truck sales rose by 26 per cent to while profits before extraordinary truck sales rose by 26 per cent to items, allocations and tax rose by 35 SKr 5.6bn. Prices are still under

rose by 79.8 per cent but the group by 33 per cent in the first eight warned that this pace could not be months of the year.

Sales of the car division rose by 26 per cent to SKr 6.1bn. In the U.S., which this year has become Profit margins have been held Saab's single biggest car market. back by the production start-up the value of sales rose by 54 per The group announced yesterday costs for the group's new car, the hat it is to expand its car produc Car production is expected to to-

The group's foreign sales rose by 34 per cent to SKr 10.1bn and it now

per cent to SKr 1.44bn. pressure but the group said that Profits in the first four months new orders for trucks had increased

ther increase capacity to 150,000 units a year by 1988. The expansion will create around 1,200 jobs.

Group turnover is expected to rise by about 25 per cent for the full year to around SKr 26bn.

tal around 104,000 units this year.

Recent investments have increased

capacity to some 120,000 units a

year, however, and the new expenditure announced yesterday will fur-

## UK computer group seeks new route to U.S. market

BY JASON CRISP IN LONDON

the fast growing British computer group. group, is looking for new ways to move into the U.S. market follow-half the world demand for products

nance to start its own operation in the U.S. One option being considered is to set up an associate company which would be largely find the U.S. one option being considered in the U.S. one option being considered in the U.S. and is keen to step up overseas sales.

The company started trying to move into the U.S. one option being considered in the U.S. one option being considered in the U.S. one option being considered in the U.S. and is keen to step up overseas sales.

The company started trying to move into the U.S. one option being considered by IBM, Apple and Compaq. A succession of U.S. companies, often with highly rated products, have recently gone bank-roughly and the U.S. one option being considered by IBM, Apple and Compaq. A succession of U.S. companies, often with highly rated products, have recently gone bank-roughly and the U.S. one option being considered by IBM, Apple and Compaq. A succession of U.S. companies, often with highly rated products, have recently gone bank-roughly and the U.S. and is the unit of the U.S. and it is not the U.S. and it is no nanced by venture capital. The year when it took a stand at a ma-

ing the collapse of its agreement with its distributor there, Micro D. computer. ACT has been very suc-ACT is examining a number of cessful in the UK, Europe, the Mid-ket is dominated by IBM, Apple and

company is also still looking at the jor exhibition. In April it signed an

APPLIED Computer Techniques, possibility of a link with a U.S. agreement with Micro D which collapsed in August.

Breaking into the U.S. market is likely to be a very high-risk exercomputers are weak and the mar-

rupt.
ACT's policy has been not to risk



## **Rand Mines Group**

All Companies are members of the Barlow Rand Group (All Companies incorporated in the Republic of South Africa)

**Gold Mining Company Reports** 

for the Quarter ended 30th September, 1984

Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P 1AJ

#### HARMONY GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH Ore milled (t):

Gold-produced (kg):

Gold-produced (kg):

Uranium—slime treated (t):

—Yield (kgit):

—Yield (kgit):

—Yield (kgit):

Fyrite—concentrate recovered
Subpluric acid produced (t):
Total revenue (Rit milled):
Total produced (t):
Total produced (t):
Total produced (t):

Gold price received—(Riks):

Gold price received—(Riks): 149 020 107 951 128 373 99 804 

25 263 Interim Dividend No. 56 of 105 cents see share was declared on 13th September. 36 payable on or about 1st November, 1984 to shareholders registered at the close business on 20th September. 2011 AL EXPENDITURE.

There are commitments for capital expenditure smounting to R6.757.000. The matted total capital expenditure for the remainder of the current financial year is 10.0 million.

DURBAN ROODEPOORT DEEP

## LIMITED ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH REPORT OF THE DIRECTORS FOR THE QUARTER ENDED JOTH SEPTEMBER, 1984. OPERATING RESULTS Quarter onded

FINANCIAL RESULTS (RODE'S)
Working (Loss)—Gold
Sundry revenus (net!'
State assistance claimed 1 023 on and State's share of profit ...... Profit after taxation and State's share of profit 1 023 2 489

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CENTS EACH REPORT OF THE DIRECTORS FOR THE QUARTER ENDED JOTH SEPTEMBER, 1984. ed (t): ...... 13 847 CAPITAL EXPENDITUR
There are commitments for capital expenditure
estimated total capital expenditure for the remainder
R13.8 million.

Sold R18 408 R18 693 R19 043 R21 091

#### EAST RAND PROPRIETARY MINES LIMITED

Gold price received—(R/Ag):
—(\$/az):
FINANCIAL RESULTS (ROOK
Workloa Bose) Profit after taxation and State's share of profit Capital expenditure ..... CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R23 517 000. The estimated total capital expenditure for the remainder of the current financial veer is R5.9 million. R17 363 R18 207 R18 500 R20 855

C. G. KNOBBS (Chairman) )
J. R. FORBES 1

GENERAL NOTES

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## INTL. COMPANIES and FINANCE

## Chemical groups maintain growth

October, 1984

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ALLIED, the U.S. chemicals group which has interests including oil, gas and industrial products, and Hercules, which has a stake in Erb amont NV, the health care subsidiary of Montedison of Italy, both maintained profits growth in the third quarter.

An increase of 18 per cent to \$126m, or \$1.30 a share, at Allied reflected the strength of automotive, defence and electronics earnings, as well as expanded oil and gas operations in Indonesia, said Mr Edward Hennessy, chairman. The 1983 total included a gain of \$12m, or 16 cents, from the sale of shares in Martin Marietta, offset by an \$11m loss on discontinued opera-

Nine-month earnings are also 18 per cent ahead at \$389m, or \$4.06, on sales of \$8.2bn against \$7.5bn. In the 1983 period discontinued opera-

ging at S2bn.

bled Dutch dredging group, has reached agreement on a manage-ment buyout of its Petrogas subsid-

By Terry Byland in New York

tions cost \$40m, offsetting gains of 521m from Martin Marietta stock sales and S39m from accounting

Third-quarter net profit at Hercules is 28 per cent up at \$55.9m, or \$1.00 a share, although sales gained less than 1 per cent at \$672.1m. For the nine months, net earnings are 24 per cent ahead at \$153.1m, or \$2.74, with last year's figures including a \$22.6 gain from the investment restructuring which created Erbamont NV. Sales are level peg-

#### Boskalis agrees Petrogas sale

BOSKALIS Westminster, the trou-

Petrogas is the last of three profi-table subsidiaries Boskalis is selling as part of a restructuring proPaul Betts looks at French components strategy

## Valeo applies finishing touch to motors rejig

the last, and perhaps most diffi-cult, piece of a costly jigsaw to complete the restructuring of an industry which started back in 1970 with Valeo's takeover of the SEV-Marchal car components group. This was tol-lowed in 1977 by the takeover of Paris-Rhone and then of the controlling 60 per cent stake last year in Motorola-Alternateurs, the alternator production facility of the U.S. electronics group at Angers, in western France. Last March, Valeo took

full control for a nominal FFr 1 of Ducellier, the loss-making French motor components group which it jointly owned with the Lucas Industries group of the

"I think with Ducellier we have finally reached the end of the road. There is now no one else left in this industry in France." remarked M Andre Boisson, Valeo's chairman. But if Valeo has now managed to regroup the alternator and starting motor sector under one umbrella to enable it to achieve the necessary economies of scale to compete in a difficult market, it has also taken on a major industrial headache. M Boisson acknowledges that the association with Lucas in

Ducellier, never a very happy one, is a case of a missed opportunity between two leading European components group to collaborate. At the end of the day, each company decided to go its own way. Indeed, in the long negotiations between the French and British companies over the future of Ducellier, Valeo had hoped to take over Ducellier's alternator and starting motors business with Lucas taking the French compayn's electronic, headlamp and ignition operations.
"Lucas changed its mind at

the last minute over the split," says M Bolsson. "This caused us a big problem because we had not prepared ourselves for this." To avoid Ducellier being forced to file for bankruptcyand M Boisson says the risk was

Ducellier is continuing to lose money heavily, at an average rate of FFr 6m-7m a month with peaks of FFr 10m o month. Its deficits come on top of the losses, admittedly smaller, which Paris-Rhone, the other large Valeo alternator and starting motor subsidiary, is continuing to post.

"The profits from our other branches go at present to help offset the losses in the alternator sector." M Boisson says. Valeo reported group earnings of FFr 87m last year on sales of FFr 87m last year on sales of FFr 9bn, compared with earnings of FFr 70m on sales of

RECE	NT PERFOR	MANCE
	Sales	Net profit
	FFr bn	ffr m
1978	4.9	154
1979	6	217
1980	6.7	44
1981	6.9	221*
1982	7.8	_ 70
1983	9	87
* Loss.		

FFr 7.8bn in 1982. The year before, Valeo had a loss of FFr 221m as a result of a major

FFr 221m as a result of a major restructuring effort involving 3,800 lay-offs that year.

Indeed, Valeo shed about 5,000 workers between 1979 and 1983. But with Ducellier, its workforce is now back to the 1979 level of about 32,000.

For Valeo, the restructuring of the alternator and starting of the alternator and starting motor business has been par-ticularly costly, because the group has had to perform it over an extended period in several stages. In the current state of the car industry— "there is no more growth in the car business," says M Bolsson—Valeo has sought the sup-port of the French Government, the banks, the two French car makers, Renault and Peugeot, and the co-operation of the labour unions to help it restructure Ducellier with the aim of returning the subsidiary into the black by the beginning of

M Boisson says that the

THE restructuring of the French alternator and starting motor industry will have finally taken valco, the leading French car component group, nearly 15 years to complete.

Very real—Valco ended up taking over all the Ducellier operations, employing 5,400 people toons, employed to Valeo is now trying to absorb

FFr 200m in the last four years.

Valeo and nephage most diffi.

Discellier is continuing to lose

Certain quota of their alternator certain quota of their alternator and starting motor needs from Ducellier. The banks too have agreed in principle to a debt rescheduling for Ducellier, although the Government, in a major phase of budgetary restraint, has so far given no indication of how much (if any) support it was prepared to give. As for the unions, Valeo is in the midst of delicate negotiations to reduce Ducellier's workforce by about 13 per cent to compensate for 18 per cent to compensate for a 20 per cent fall in production

Lack

activity. Valeo announced in July it wanted to lay off 970 Ducellier employees. Over the summer, by a series of measures including shortening the work week by two hours, without pay compensation, early retirements and voluntary departures, valeo managed to reduce the number of lay-offs to 480. The company is also adopting a novel approach for a French group to resolve its job cut group to resolve its job cut proposals by seeking alternative employment for its redundant workers and then offering them the necessary training for the

new job. In the future, Valeo will seek to expand Ducellier's activities in foreign markets. The subsidiary is at present essentially entrenched in the French market. For Valeo as a whole, foreign markets have been the main source of growth. The group has recently been actively trying to expand its presence on the U.S., and M Boisson suggested Valeo was considering investing in an assembly plant to manufacture clutches in the U.S. Valeo already makes the U.S

As for Lucas, M Boisson does not rule out future collabora-tion with the British group. After all, he says, Lucas has the option of becoming a minority shareholder of Valeo when the French group next increases its capital under the

Militari Hi

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Paling Ray

#### Sharply higher first-half loss for Poclain

By David Marsh in Paris

POCLAIN, the troubled French excavator group owned 44 per cent by Tenneco of the U.S., suffered sharply higher net losses in the first half of 1984, up to FFr 184.3m (\$19.3m) from FFr 111.6m in the first half last

The company has been aiming to return to break-even next year, after losses of FFr 198m last year and FFr 283m in 1982 which entailed big financial rescue programmes from French banks, Tenneco and the state.

The size of the first half deficit is partly due to restructuring measures put into effect in the six months, as well as higher interest costs on debts contracted before a FFr 250m capital increase took effect at end June.

Operating losses were up to FFr 123.2m from FFr 93.1m in the same period last year, on group sales of FFr 1.43bn against FFr 1.41bn. Poclain said the state of the excavator market - a sector in which it is Europe's leading company—remains "worrying," especially in France, but the worsened results were consistent with its forecasts. said an ancillary reason for the higher losses was the necessity to make commercial discounts to maintain market position.

It added that industrial re structuring — which includes tough measures to trim jobs and rationalise production — should start gradually to bear fruit in

#### Volvo lifts stake in Hamilton Oil to nearly 50%

the second half.

By Kevin Done, Nordic

VOLVO, THE Swedish motor, energy and food group, has succeeded in its bid to increase its stake in Hamilton Oil, the U.S. oil company, to just under 50 per cent. It has offered some \$91.6m to buy a maximum of 4.7m additional shares in Hamilton to increase its current 32 per cent holding to close to 50 per cent.

Volvo said that an estimated 6.5m shares had bee ntendered underthe offer, which was set at \$19.50 per share. When the offer was made Hamilton shares were trading at about \$16 a share. Volvo said it had no intention of increasing its holding above 50 per cent.

Volvo has chosen to make Hamilton Oil its main vehicle for investment in the oil and gas industry. Hamilton is substantial U.S. independent oil company, with important interest in the UK sector of the

HUMANA Hospital remagement	SYNTEX Drogs, hostin cure
Fourth quarter 1983-84 1982-83	Fourth quarter 1983-84 1983-1
Revenue 658.7m 579.4m	Revenue
Net profits	Net per share 0,82 1.
Year	Year

KAUFKANN & BROAD House building, insurance 2.19bq 215.6m 10.51 13.512m 108,3m 1.83 108,1m 1.96 SULPETRO Energy, exp

#### U.S. \$100,000,000

National Westminster BankPLC

Floating Rate Capital Notes 1994

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 16th October, 1984 to 16th April, 1985 the Notes will carry an Interest Rate of 1111% per annuar. The interest payable on the relevant interest payment date, 16th April, 1985 against Coupon No. 12 will be U.S. \$59.09.

By Morgan Guaranty Trust Company of New York, London Agent Bank



Investors in Industry Group plc (Incorporated in England under the Companies Acts 1948 to 1967, registered number 1142830)

£75,000,000

Floating Rate Notes 1994 For the three month period 15th October, 1984 to 15th January, 1985

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 10% per cent. per annum and that the interest payable on the relevant interest payment date, 15th January 1985, against Coupon No. 1 will be £1354.79 from Notes of £50,000 and £135.48 from Notes of £5,000 Nominal.

> S.G. Warburg & Co. Ltd. Agent Bank ....

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#### INTL. COMPANIES & FINANCE

## Lack of monetary policy blamed for Kuwait crises

BY MARY FRINGS IN BAHRAIN

sore of private liquidity after entire Kuwaiti market. successive oil price increases was at the root of its 1977 and 1982 financial crises according to Mr Peter Minchin, a member of the London Stock Exchange and general manager of the Securities Group of Kuwait.

Mr Minchin was speaking in Bahrain at a two-day conference on financial accounting practices in the Middle East, organised by Middle East Economic Digest

In an analysis of the development of the Kuwaiti corporate sector and the boom and bust cycle which followed the introduction of forward trading in Kuwaiti and Gulf company shares, Mr Minchin said there

#### **Multi-option** loan package for Leighton

SYDNEY—Leighton Holdings, Australia's largest building and civil engineering group, has awarded a tender for a A\$110m (U.S.\$92m) financial package to the Commonwealth Bank of Australia.

The package comprises domestic banking and multi-option domestic and foreign

currency financing facilities. Leighton, which is 40 per cent owned by Hochtief of West Germany, said the multi-option package gave it the flexibility required for its current phase

KUWAIT'S failure to adopt an was no concept of crisis pre-effective monetary policy to vention and that the Govern-cope with the enormous pres-ment now owned a third of the ments in company reports.

Unless its holdings were sold back to the private sector to soak up the available funds there could again be an extreme shortage of tradeable stock, leading inevitably to overvaluation, he said.

Other ingredients in a recipe for disaster were weak control of bank credit, a recurring failure to stamp out unlimited and unsecured non-banking credit in the form of post-dated cheques, the formation of com-panies for the sole purpose of trading in their shares, insuffi-cient control over trading mechanisms, lack of understand-ing of accepted investment criteria, the scarcity of readily available investment ananlysis

On the latter point, Mr Minchin said there was misappre hension about the effect of scrip issues, and rather than putting part of the current year's profit into bonus shares, scrip issues should be shown as capitalisa-tion of reserves. In the past investors had failed to grasp the dilution aspect of a scrip issue and only one or two days after it, share prices had reverted to

their original level.

Mr Robert Hughes, a partner
in Ernst and Whinney, Dubai
suggested that while there had already been an improvement in the standards of financial reporting, more investigation into company collapses and the publication of necessary.

## Two-thirds of Saudi companies in profit

RIYADH — Saudi Arabia's Ministry of Commerce has reported that 800 out of 1,200 limited liability Saudi com-panies turned in a profit last

mean that the country was in a financial crisis. Instead, he said, were forced out of business by healthy competition.

likely to continue getting smaller, while maintenance com-

reported that 800 out of 1,200 limited liability Saudi companies turned in a profit last year.

Of the remaining 400, 70 or 5.8 per cent were liquidated, and the rest were barely breaking even or losing money, said Mr Abdul-Rahman Al-Zamil, Mr Al-Zamil said that companies went bankrupt in every country, and that the bankruptines in Saudi Arabia did not mean that the country was in a purchase of Saudi-huilt building purchase of Saudi-built building financial crisis. Instead, he said, materials would not be to be used to cover Kia's foreign the poorly-managed companies permitted to account for the currency costs in expanding its

#### Success for **Pioneer** Concrete issue

By David Dodwell in Hong Kong PIONEER CONCRETE Services. the Australian manufacturer of pre-mixed concrete, asphalt, and quarry products, revealed yes-terday that the first tranche of an A\$100m, (US\$83,2m) Euro-commercial paper borrowing programme has been four times

BA Asia, the Hong Kong-based subsidiary of Bank of America which is acting as lead manager for the issue, said Pioneer is the first Australian company to issue Euro-commercial paper, which is essentially short-term promissory notes issued by corporate borrowers on the Euro-market. The notes were issued by tender.

The borrowing programme, which will involve issues for one, two, three, six and 12 month periods, has been underwritten by 10 banks. Previous borrowing for Pioneer, the international operations of which are based in Texas, the UK, and Hong Kong, has been by means of syndicated Eurocurrency loans. Substantial diversification over the past five years has broadened group operations into mineral and

energy exploitation. Also in Hong Kong Kia Industrial, one of Rorea's leading vehicle manufacturers, has announced two syndicated term loans, worth US\$30m and Y5bn (US\$20.2m)

The loans guaranteed by the Rorean Development Bank, with funds coming from 20 banks. They are entire 30 per cent requirement. vehicle manufacturing plant in AP-DJ Sohari, Korea.

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The Royal Bank of Scotland plc U.S.\$75,000,000 Floating

Rate Capital Notes due 1986 to 1994 For the three month period

16th October, 1984 to 16th January, 1985 the Notes will bear an interest rate of 111/6% per annum, Interest ayable on 16th January, 1985

Bankers Trust Company,

Die Erste österreichische Spar-Casse-Bank First Austrian Bank

formerly

Die Erste österreichische Spar-Casse

U\$\$40,000,000

Subordinated Floating Rate Notes Due 1992 Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from October 17th, 1984 to April 17th, 1985 the notes will carry an Interest rate of 1111/14% per annum. On April 17th, 1985 interest of US\$590.87 will be due per US\$10,000 Note against Coupon No. 6.

Agent Bank ORION ROYAL BANK LIMITED



#### The Kingdom of Denmark U.S. \$500,000,000

Floating Rate Notes Due October 1990

For the six months 15th October, 1984 to 15th April 1985 the Notes will carry an interest rate of 11%% per amount with a Coupon Amount of U.S. \$594.03 per U.S. \$10,000 Note and U.S. \$14,850.69 per U.S. \$250,000 Note, payable on 15th April, 1985. Listed on the Luxembourg Stock Exchange

By: Bankers Trust Company Fiscal Agent



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## Bryant gets boost from homes side

as Alvilliand at the interim stage, Bryant Holdings had a very satisfactory performance from all its activities in the second six months to May 31 1984, which resulted in full year profits up from 57.74m pre-tax profits up from £7.74m to a record £11.3m. Turnover was also substantially increased to a best-ever £119.43m, against last year's £90.98m.

Mr Chris Bryant, the chairman, says the results have been achieved from the continued success of the group's private homes activity, backed by solid contributions from both the property and construction divisions. At the six months stage, he reported group taxable profits up from 53.47m to £4.73m.

Profit from homes for the full

Profits from homes for the full year jumped from £6.13m to 19.47m, on £88.98m (£66.15m) sales. Property investment contributed £1.53m (£1.44m) on turnover of £3.28m (£2.97m) and construction profits improved by £18.000 to £860.000, on £27.19m (£21.86m) turnover.

On the outlook, Mr Bryant on the outlook, for byant cautions that he does not anticipate that the excellent results from homes development in the second six months will necessarily be repeated this year, due to a slightly less favourable mix of anticipated completions. He feels that both property and construction activity results are likely to be similar or show a slight improvement. All in all, the company would need to have the benefit of a favourable economy to match that the present market value

**UK Provident** 

hit by LAPR

this year's Budget, has made a

The drop in single-premium

the drop in single-premium business reflected the decline in sales of UKP's income and growth bonds. The loss of LAPR cut the yield on the annual premium element of these bonds and thus took away their compatitive edge.

However, new life business at

the nine-month stage still showed a healthy increase over the corresponding period last year, thanks to a buoyant first quarter. New annual premiums over the

new annual premiums over the nine-month period are still 15 per cent up at £34.7m against £30.2m, and single premiums still nearly 30 per cent ahead

at £73.2m compared with £57m. mediaries are switching their

annual permiums

from the success of its deposit

LEE COOPER GROUP PLC

Pre-tax profit

Profit after taxation

Profit attributable to Lee Cooper Group PLC

Interim dividend

Profit attributable to ordinary

Earnings per ordinary share

Highlights from the Statement by Lord Marsh, The Chairman

withdrawal

DIVIDE	NDS	ANNOUNCED			
Armour Trust Antoiagastaint. Bryant HoldingsAlbert Fisherint. Huginint. Markheath Secsint. Medizinster	5 2 1† 1.17 4.55	Jan 27 Nov 9 Dec 5 Jan 7 Oct 13 Nov 30 Jan 7	0.17 S 1.65 1 	0.18 3 1.5 	0.17 13 2.2 1 

Dec 3 2

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

this year's results, the chairman points out.
Following the increase profits, the board feels justified in raising the year's dividend from 2.2p to 3p net per 25p share, with a final of 2p. Earn-

.....int 2

ings per share rose from 7.9p after a share of associates' losses of £56,000 (£278,000 profits) and interest payable of £641,000 (£1.1m). Interest receivable was unchanged at £143,000. After a sharply higher tax charge of £3.95m (£1.41m) the net attribut-

able balance was ahead £1.02m at

£7.35m.

The group has continued to make aditions to its lan bank for homes development which now stands at £38.9m (£32m), representing approximately five years' supply at the present level of sales. This land is value at

substantially exceeds the balance sheet figure. Mr Bryant says the group's

balance sheet remains strong and despite the additional capital investment required for increased activity, the particular attention paid to cash flow has resulted in net borrowings at £6.9m, compared with £7.9m last The chairman reports that it

was a good year for Bryant Homes, with record turnover Homes, with record turnover and profits achieved.

The company survived the very dull market at the end of 1983 in good order and the enthusiasm for buying homes which re-emerged in January, togetherw ith plenty of mortgage money, took it forward to the year end with very considerable momentum.

Mr Bryant points out that the ompany made some excellent

year was very satisfactory and shows up favourably against the first six months. Because of Bryant's concentra-tion on the higher end of the market and its belief in using tractional construction metaces it avoided the difficulties asso-clated with starter homes and

It is rare for the market to register so little enthusiasm in a compay which overshoots the best forecasts of its pre-tax profit by about 15 per cent. That Bryant Holdings' shares moved up just 1p to 64p yesterday is really another reflection of the bad light in which all building companies currently stand in the City. At this level, Bryant is priced at just 61 times earnings—assuming pre-tax profits in the and the tax charge is unchanged at 35 per cent. This seems too low—the company is on target to sell as many homes—about 2,000—this year as last, main-2,000—this year as last, main-raining its share of the new homes market. Equally impor-tant, if there is any serious downturn in the industry, Bryant should be well protected from its worst effects—first because only 20 per cent of the homes built are sold to firsttime buyers and, secondly, the balance sheet—with gearing at company made some excellent just 13 per cent—is very strong sales on developments where its land was particularly cheap.

Consequently, the second half have good defensive qualities.

## Acquisitions lift A. Fisher to £1m

IN LINE with recent estimates, Albert Fisher Group has passed the fim profit mark at the tax the fim profit mark at the tax the chairman, estimated that prear to August tax profit would be "in excess of 31 1984, and has shown earnings per 5p share more than doubled from an adjusted 2.6p to 5.6p.

The profit for the period was fil.09m compared with £327,000, and includes the results for F J.

Need (Crewe) and Henry Long Group, acquired in late 1983, and a two-month contribution from £15.06m to £44.37m, reflecting the acquisition activity. If last June.

When the group—a fruit and vegetable wholesaler—expanded into the U.S. last month with the state of the tax profit figures of Carnival were £32.76m and £783,000. The major part of the improved tax profit would be "in excess of result, adding £634,000 (£488,000) to the total, with the rest coming from distribution at £457,000. The total dividend for the year of the total, with the rest coming from £28,000 to £208,000 to leave at the payment of a 1p final at two-month contribution from £15.06m to £44.37m, reflecting the acquisition accounted for the major part of the improved tax profit of the excess of result, adding £634,000 (£235,000).

The total dividend for the year of the improved tax profit of the excess of result, adding £634,000 (£235,000).

The total dividend for the year of the total, with the rest coming from £28,000 to £208,000 to leave at the payment of a 1p final at two-month contribution from £15.06m to £44.37m, reflecting the acquisition accounted for the major part of the improved tax profit set to tay.

Turnover was nearly trebled a deferred tax provision as a result of the Budget changes, accounted for £276,000 (£276,000).

From an attributable £607,000 (£267,000) dividends totalled the payment of the unit of the U.S. last month with the order of the second payment of the total, with the rest coming from £28,000 to £28,000 to £28,000 to £28,000 to £208,000 to £20 The loss of Life Assurance Premium Relief (LAPR), taken away by Mr Nigel Lawson, Chancellor of the Exchequer, in severe dent in the new life business of United Kingdom Provident, a leading mutual life New annual premiums in the third quarter fell from £10.3m in the corresponding period last year to £10.7m, while single-premium business was virtually halved from £21.4m to £12.3m.

## 183 companies are wound up

Compulsory winding up orders against 183 companies were made against 183 companies were made in the High Court. They were: Frapso, LWP Financial Services, G. F. West, Friuli, Kings Country Club, Hydro-sphere, H. J. Howard and Sous, Services, G. F. West, Friuli, Kings Country Club, Hydrosphere, H. J. Howard and Sons, and Calco Inspection Services.

Eurote! Holdings, Beadle Engineering Company, Lonrho Property Holdings Panama SA, Hamilton Property Holdings Panama SA, Woodcote Building Contractors, Commercial Heating (Balham), Dove Valley Contractors, Glebecroft, and Weathermaster Windows.

Dartford Squash Club, Sack-ville Studio, Forest Tools, Stanley Jevons Tools Company, Jarafield, Heliotechnic Associates International. Rotary Swaged contracts, though the success story for the company over the period lies in sales of company group pensions nearly tripled over the nine months from £5.8m

over the nine months from £5.8m to £15.8m, while single premium business rose from £2.4m to £12.4m. The company's new money purchase scheme got off to a good start with annual premiums of £1.3m. But most of the group pensions growth came from the success of its denosit nvestment plan. Sales of self-employed and executive pension plans showed a mixed picture. Van De Meer UK, Clarmet,

48,156

5,267

2,452

2,297

2,290

14-80p

48,016

5,167

2,194

2,074

2,067

13-36p

 Initiatives taken over the past year are beginning to show positive benefits.

The decision to exploit the Group's French design facilities to the full has already proved

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garments, to its traditional

Initial reaction to 'The Line' has been extremely

The flexibility inherent in the structure of the Lee

view the future with cautious optimism.

Cooper Group enables it to

estem leans.

favourable.

Docker Checketts, Winterhurst, Poole Harbour Boat Company, Tashward, Tudorbrook Elk (Bed-ford), Herbertson & Company,

Vulcan.

Key Security Guards, Moorgold, Quality Assurance and Metallurgical Services Co., Grays Video, Blackstarling, Firechoke, T.M.J. Installation Heating, Global Resources & Enterprises, The London Shoe Emporium, Transit Cars International, and Dunce.

International, Rotary Swaged
Products, T.M.Y. Flooring (Woodford), B.L.R. Merketing, J. & W.
Gaskell (Garages), Industrial
Climates Control, and D. Davenport and Co.
Transport Services (Park
Gate), Chevin Construction,
Sportman Holidays, Lizjas, T. J.
Williams (Builders), McGeever,
A & N Trading, L. A. Ryder and
Company, Dartsure, Shico, Chessford, Nevetsco, and Sign & Cambridge), Heronville, Tulse-court, G. Ward & Son (Clifton), and Andrew Poll Automobiles.
Van De Meer UK. Clarmet, Jim Jermey, Applespire,

83,242

8,214

2,654

2,427

2,412

15-58p

3·67p

Kirglade, C. H. Davenport (Builders), Retec Machinery, Insurance and Investment Con-sultants, Bennett Toocaze (Sales), Pierre Moerlen Music, Daransea, IAAC (Cargo), Brigant, and C & C International. Permawarm Insulation Co., Estate Owner Services, Londonia, Ferguson Thorley Bowles Associates, Definition, Walbank Warwick productions, Stocks & Sons (Haulage Contractors), Beautiful Sunday Music, Graybury Services, Havard Appointments, Clisia, Solent Sporting Facilities, and Ewedell Insula-

Craven Motor Company, Data-phyl Contracts, Newcastie Metal Co., Boomwood, Cemport, Hestaport, Tamworth Gear & Spline Grinding Company, U.T. Bar, Wordata Bureau, Command Products, Vicplan Advertising, Arthur Oakes Developments, Faircloth Manufacturing Co., Command and

Commere, and Eynesbury
Personnel Services.
Teestow, Geo. C. Stansell, Joe
Allon (Hull), Sussex Stone, Midland Fabrication, Installation
Contract Equipment, Blue Grace,
Forum Crest, Dukes Road
Investments, and Elmcret Car

MGM Design, Revcourt, Richard Harrison Construction, Westcoast Leisure, Moderngreen, Show Trucking, Henri Papillon and Company,

Henri Papillon and Company, Pandata Systems, Clydesdale Service Station, Isherbond, and Mainbridge Industries.
Frederick James, Voltaport, P. E. Thomas (Portcawl), Soundbell, Thorgrin Television, Inigo Enterprises, Morafine, Shoegrade, The Video-Link Organisation, Dreambuild, and Ropemay.
Dorchester Estates, McQueen of London Imports, Energy Oil and Ga sDevelopments, Citylane Properties, Powertown, Allang Properties, Hau-Hammond Company, Peterborough Document

pany, Peterborough Document Services, Radero, Bow Corpora-tion, Dwyer Packaging System, Bow Strapping, and Bow Health

Products.

R. Taylor (Demolition), Brody and Hicks Photographic, Radprime, Bharwaneys, Kings (Eastbourne). Wyndham Leisure and Baronlock.

#### Markheath first-half losses rise

Losses of Markheath Securi-ties, commercial and residential development concern, increased from £247,000 to £458,000 in the first half of 1984. In line with the company's seasonal trading the company's seasonal trading pattern there were no commer-cial building sales for the period and all sales will once again occur in the second half.
Turnover rose from £0.8m to
£1.3m. Losses per 25p share were up from 1.74p to 3.01p, but the net interim dividend is main-tained at 4.55p—last year's total was 9.75p on £1.29m pre-tax

The directors say current strong tenant demand for the developments should enable sales to institutions to occur. Providing these sales take place in 1984 on satisfactory terms, the profit for the year ought to be higher than 1983.

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## Armour up to £321,000 and sees expansion

PRE-TAX profits at Armour Trust rose by some £25,000 to £321,000 in the year to April 30 1984, and the directors state that the current year has started satisfactorily.

The group, traditionally confectionery manufacturer, has interests also in the high techno-logy and electronics areas, and is investigating further acquisi-tions, including opportunities in the electronics area.

It is intended that over the medium term a major earnings base, in addition to confectionery, will be established on which the group can build. which the group can obile.

The comparable figure last time benefitted from a non-recurring write-back of provision in excess of £70,000. When this is eliminated profits from trading activities grew by £7 per cent, say the directors from transver the directors from turnover which actually fell from £8.58m to £8.18m.

The single dividend is to be increased from 0.165p to 0.182p net per 10p share, with earnings quoted at an unchanged 1.5p per

share.

Tax was virtually the same at 225,000 (£26,000), while an extraordinary debit for deferred tax amounted to £74,000 (nil). There was also an extraordinary credit of £27,000 against £64,000, and minorities took £3,000 (£4,000). (£4,000).
The directors state that the

improvement over last year's profits reflects considerably increased profitability of Carter Penguin Group, and an initial return on the group's new invest-

ment
Carter Penguin increased pretax profits by 20 per cent on a
turnover increase of only 3.9 per
cent as a result of increased
efficiencies in all operating units.

Parts of Inches purphysed a Bonds of London purchased a leasehold interest in a 40,000 sq ft factory in Leyton, east London. The transfer of all pro-duction facilities has now been successfully completed.
In October 1983 the company

purchased a 22 per cent interest in Microsell Systems, which has installed over 100 units with the Clydesdale Group and recently commenced its most significant contract to date with Laskys, the electrical retail group. The con-tract is worth more than £500,000.

In February 1984 Armour pur-chased a 42.5 per cent interest in Kestrel Electronics, and it holds a number of exclusive UK agencies primarily for Rohm of Japan. Bookings are expanding

significantly and are currently running at a rate of more than film per annum, but due to long lead times, billings are increas-ing more slowly, say the

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Granville & Co. Limited

famber of The National Association of Security Dealers and Investment Managers

Over-the-Counter Market

## UEI climbs to £4.6m despite engineering fall

contribution from engineering activities. UEL the investment holding company which also has electronics interests, raised pre-tax profits from £4.24m to £4.81m for the six months to July 31. 1984. Turnover was up to £36.34m, against £32.15m. With stated net earnings per

10p share unchanged at 5.1p, the interim dividend is maintained mterim dividend is maintained at 2p net—last year's total was 5.25p on £8.21m taxable profits. In the first six months, the group's electronics side lifted taxable profits (before central overheads) by some fim to £4.01m on turnover of £24.71m (£20.14m), while engineering profits were £0.57m lower at £1.3m from £1.63m (£12m) turnover.

existing products, as well as the successful penetration of the new Quantel products into internew Quantel products into inter-national markets, have been responsible for the growth of the electronics division in the half year, the board explains. The Quantel Paintbox has progressed to become the stan-dard for TV graphics studios. Link Systems has substantially improved its market position in micro analysis systems worldmicro analysis systems world-wide and Link Electronics has

over.
Additional sales from the

year.
In the engineering division, the Cosworth Engineering Group increased profits in the half year



Mr David Moulds, chairman of UEL.

and has now completed the comand has now completed the com-missioning of its new high tech-nology foundry at Worcester, further reinforcing its position as world leader in the design and manufacture of innovative automotive products for the specialist market, the board states.

Vehicle design expenditure at Quest 80, wholly written-off in the period, has been principally responsible for a reduction in begun manufacturing the 130 camera for delivery later this Group operating profits for the six months increased from £5.2m to £5.71m, before interest

to modern and excellent profits are made when furniture is sold.

After tax of £1.94m (£1.53m) estimated at 42 per cent (36 per cent), and minorities credits of £56,000 (£6,000), the attributable surplus was £2.73m, compared with £2.51m

#### comment

UEI is emerging from the trough, but still has a good way to go before regaining its earlier impressive profits growth. Just as Yewlands was turning from a £400,000 loss to a near break-even, Quest 80 had to take a £500,000 design write-off relating to a new range of lightweight security vehicles; which will not start producing profits for a year or so. The rest of the division's 30 per cent profits decline was due to the impact of the miners strike on Dunsley's sales of openfire central heating systems. fire central heating systems. Cosworth is the division's bright spot; due to take the first profits spot; due to take the first profits from its Mercedes contract in the current half, with other related projects soon to come on stream. Electronics profits rose by a third, mainly thanks to the success of the Quantel Paintbox animated television graphics system. First deliveries of the Link 130 comera will add to the system. First seliveries of the Link 130 camera will add to the momentum later in the autumn. Full-year profits should rise above film pre-tax, leaving the shares, up 2p to 178p, on a fair prospective multiple of just under 16j.

dhite Teil

#### Furniture activity helps Medminster to £0.49m

ANOTHER BUOYANT year at Medminster has produced Gimberts has a following of film, increased pre-tax profits of television and photographic studies in the Midlands and higher dividends, with a final of north. The company is now 3.1p compared with 2.8p raising the total from 4.4p to 4.85p.

Furniture hire has started the year in excellent shape as antici-pated, and although the shipping division suffered a minor hiccup through the two dock strikes, the directors expect another good year from the group as a whole. Earnings per 10p share for the year to the end of June 1984 are year to the end of June 1934 are shown as rising from 10.38p to 12.84p excluding an exceptional deferred tax credit or to 19.52p including the same.

During the year under review During the year under review furniture hire companies were particularly active, and the company is opening another warehouse for Camden Furniture Hire at White City Industrial Park which will cater specially for television, film studios and conferences. Steady and conferences. Steady and increased profits are expected from this division in the current

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15.0 3.8 20.0 5.7

1.3 7.5 17.4

16.8 0.8

#### in the black at half year In the Northern division Gimberts has a following of film, television and photographic studios in the Midlands and Bonnsbond Holdings turned in

a pre-tax profit of £60,000 for the first half of 1984, as against a £23,000 loss last time. The company is engaged in the issue and redemption of incentive bonds and the provision of promotional and incentive consultance and incentive and incentive consultance and incentive co Each year the company has made large purchases of furni-ture of all periods from antique and incentive consultancy and easing. Turnover dropped from £3.74m

Bonusbond

to £3,61m and gross profits were £19,000 lower at £448,000. Distri-bution and administration costs Shipping companies had an excellent year and have opened new outlets, the directors say.

During the current year, Cube will open a London office to handle onward freight from N. America, freight forwarding and ship's handling will then be represented in Liverpool, Manchester, Felixstowe, Newport and London.

Button and decreased to £440,000 (£537,000), while other income added £21,000 (£24,000) and interest payable took £38,000 (£35,000).

After tax of £32,000 (£2,000) stated earnings per 10p share when 0.81p (0.73p losses) hasis, or 0.57p (0.51p losses) fully diluted.

#### **BASE LENDING RATES**

Henry Ansbacher 101% Armeo Trust Ltd 11 %	Kingsnorth Trust Ltd. 10 9 Knowsley & Co. Ltd 11 9
Associates Cap. Corp. 104%	Lloyds Bank 1019 Mallinhall Limited 1019 Edward Manson & Co. 1119
Banco de Bilbao 101%	Mallinhall Limited 1019
Bank Hapoalim 191%	Edward Manson & Co. 1119
BCCI 101% Bank of Ireland 101%	Meghraj and Sons Ltd. 1019
Bank of Cyprus 101%	Midland Bank 1019
Bank of India 103%	mauran Grenteil 1014
Bank of Scotland 101%	Morgan Grenfell 1019 National Bk of Kuwait 1019 National Girobank 1019
Banque Belge Ltd 101%	PHUL MIRGUIL LEGOUELL Nothern Windows 1010
Barclays Bank 101%	National Westminster 1049 Norwich Gen. Tst 1049 People's Tst. & Sv. Ltd. 12
Beneficial Trust Ltd. 111%	Pennia's Tet & Se Tet 19 0
Brit. Bank of Mid. East 101%	R. Raphael & Sons 1019
Brown Shipley 104%	P. S. Refson & Co 1019
CL Bark Nederland 101%	Roxburghe Guarantee 1149
Canada Permn't Trust 101%	Royal Bk, of Scotland 1019
Cayzer 1 td 101%	Royal Trust Co. Canada 1919
Cedar Holdings 11 %	J Henry Schroder Wagg 1019 Standard Chartered 1019
Charterhouse Japhet 101%	Standard Chartered 1019
Choulartons 111% Cittibank NA 101%	Trade Dev. Bank 1019
Citibank Savings 1114%	TCB 1649 Trustee Savings Bank 1049 United Bank of Kuwait 1049
Clydesdale Bank 101%	Trustee Savings Bank 1019
C. E. Coates & Co. Ltd. 111%	United Bank of Kuwait 1019
Comm. Bk. N. East 101%	United Mizrahi Bank 1019
Consolidated Credits 101%	Volkskas Limited 1019
Co-operative Bank*101%	Westpac Banking Corp. 1019 Whiteaway Laidlaw 11 9
The Cyprus Popular Bk. 10 %	Williams & Glyn's 1019
Dumbar & Co. Ltd 10196	Winterest Serg 7.td 1010
Detagon Taronio 1010/	Wintrust Secs. Ltd 1019 Yorkshire Bank 1019
Exeter Trust Ltd 11 % First Nat. Fin. Corp 13 %	Members of the Accepting House
Exeter Trust Ltd 11 %	Committee.
First Nat. Fin. Corp 13 %	7-day deposits 7.25%, 1 months 8.00%, Fixed rate 12 months £2.500
CALSE MAT SECS. THET IS AP	9.75% £10,000. 12 months 10.00%
Robert Fleming & Co. 101%	t 7 day deposits on sums of unde
Robert Fraser 11 %	£10,000 74%, £10,000 up to £50,000
Grindlays Bank	8%. £50,000 and over 8%%. ‡ Call deposits £1,000 and over 7%%.
Guinness Mahon 101%	21-day deposits over £1,000 8-%
Hambros Bank 101%. Heritable & Gen, Trust 101%.	5 Demand deposits 75%.
resident of Gent Times 10139	T Mongage base rate.

## "London Shop Property Trust quietly confident"

Mr. J. Hugh Jones, Chairman of London Shop Property Trust, commenting on the year ended 30th April, 1984 reports:—
"Your Board continues to be quietly confident in the future of the group — as a result of our purchase programme and active portfolio management the quality of the portfolio communes to

Group profit before tax increased from £4.745m to £5.664m; earnings per share increased by 13% to 10.2p; total dividend for year recommended at 6.6125p per share - an increase of 15%; Board recommending capitalisation issue of one new ordinary share per every two existing ordinary share The property portfolio was internally valued as at 30th April, 1984 and totalled £120m (£108m - UK properties; £12m - overseas properties). Net asset value per ordinary share has risen

Since the beginning of 1983, 24 properties have been purchased at a total cost of £17.2m; further purchases exceeding £10m have been agreed, subject to contract. £12m first mortgage

Profit before taxation £5,664,000 £4,745,000 £3,604,000 £3,046,000 Profit after taxation Dividends per ordinary share Copies of the 1984 Report and Financial State available from the Company Secretary, London Shop Property Trust plc, Beaumont House, 179-187 Arthur Road, London SW19 8AF. to 240.6p compared with 224.4p - an increase of 7.2%.

debenture stock has recently been issued — this will enable the continuation of the active expansion programme.

The aim of the Board continues to be the improvement of both capital and income and shareholders can look forward to this improvement being maintained.

#### **BIDS AND DEALS**

## Beazer bids £33m for M. P. Kent

Elbar down £750,000 on

Ethar Industrial, a vehicle and pump sets, for £1 plus repayagricultural machinery distributor, bas sold two subsidiaries at an estimated loss of £250,000, of which £310,000 is machinery, have been sold for not covered by provisions made in last year's accounts, Ethar. 74 per cent owned by Tanks Consolidated Investments

The two businesses combined by the covereing losses of £156,000.

disposal of loss-makers

It has now sold industrial sales will re Energy Systems, a maker and improve to installer of diesel geneator and Elbar said.

Bed property developer,

M. P. Kent.
The deal, however, had most impact on the shares of Bath & Portland which, over the weekend, had launched its own offer for M. P. Kent. Bath Z Portland was 21n to 21de reckenders. rose 21p to 214p, reckoning on an eventual bid from Beazer, on the basis that Kent has 181 per cent of the equity and Beazer is understood to hold a further 2-3

Although Beazer has made a virtue of its constant commitwrite of its constant commit-ment to growth by organic means and through acquisitions, Beazer would not be drawn on the possi-bility that Bath & Portland would be next on a long list of bid attempts. The stake was described by Mrs Brian Beazer, chairman of C. H. Beazer, as a "sound investment" but there

Whitecroft

acquisition

Whitecroft, the Cheshire-based taxtiles, building supplies and engineering group, has acquired HAP (Chiswick), an investment company, for £3.71m. The consideration is to be satisfied by the issue of 2.58m Whitecroft

paid.
The value of HAP's net tangible assets at March 31 1984 was 54.25m, including the market

value of listed investments and a current professional valuation of properties. Its resources will be applied initially to reducing Whitecroft's borrowing and pro-

widing additional working capital for its trading interests.

HAP's other assets consist of commercial and industrial free-

Security Centres

in £3.7m

4.0

STEEL FORM

RATES

C. H. Beaser (Holdings), the was no telling when if ever, his Bath-based property investment group would launch an offer for and building group, yesterday the quarrying company.

"We have only just launched a bid worth \$38.37m for "We have only just launched a bid worth \$38.37m for "We have only just launched a bid worth \$38.37m for "We have only just launched a bid worth \$38.37m for "The late intervention from the late in "We have only just launched the bid today for Kent," Mr Beazer said, "and we will have to see how that goes. We know they have a sound investment in Bath & Portland and in due course our board will have to decide what to do with it."

decide what to do with it."

Beazer is offering 350p in cash and one of its own shares—down 3p yesterday at 350p—for every nine shares in Kent. That values Beazer's target at 77.5p per share against a closing market price of 74p, up 7p yesterday.

The offer has won acceptances fromth a Kent board and related holdings in respect of 36.6 per cent of the capital and chairman Mr Michael Kent and Mr Gerald Jiggins, the managing director, will resign.

Beazer still holds a near 17 per cent stake in Newcastle-based housebuilder, William Leech.

The prospect of a renewed bid from Beazer has pushed the Leech price ahead in recent weeks, but Kent operates in much the same neighbourhood as Beazer and is advised by the merchant bank, County

Kent first disclosed its potentially strategic stake in Bath & Portland, which once built roads in Iran, last month when Anglo American unloaded a holding of just under 15 per cent. Kent, at that point, held a 34 per cent interest and the chairman joined the board.

The deal, however, contained a condition that Kent would not buy more than 21 per cent of B & P for the next five years. Bath & Portland had hoped to

The late intervention from Beazer, at what is thought to be a substantially higher bid price, has put paid to those aspirations. Bath & Portland is engaged primarily in quarrying following its withdrawal from the civil engineering sector. But, under the chairmanship of Mr Iain Macdonald, a former exerctive of Hill Samuel and head of the Takeover Panel, the group has moved successfully into the instrumentation seater through instrumentation sector through the KDG Instruments subsidiary. Beazer is widely expected to

produce profits of £11m when it reports later this month for the year to June 30. Kent produced pre-tax profits of £753,00, down sharply on the year before when profits were £1.27m. The accounts for the year show net worth of £22.74m.

#### Haden in £2.7m sale of French subsidiary

Haden, a building, industrial and process engineering group, has sold a French subsidiary distributing Carrier air conditioners for £2.7m cash, and reorganised the distribution of the air conditioners in England. In the UK, a Haden and a

## **Barlow Rand offer** for Bibby gains 90% acceptances

The basic offer remains open for acceptances until October 27, but the cash election and the additional share election have closed.

As a result of the offer, UK As a result of the oner, Ok institutions and individuals currently hold approximately 10 per cent of the enlarged share capital of Barlow Rand, which

ACCEPTANCES OF the agreed Bibby's share quote so that £274m offer by South African Barlow has the currency and group Barlow Rand for J. Bibby agreed for further overseas acquisitions when suitagricultural concern, have reached 90.5 per cent and the offer has now gone unconditional statements of the offer total formula to the offer total statements of the offer tot Acceptances of the offer total 56.16m Bibby shares. These together with the 25.98m Bibby shares already owned by Barlow Rand (25.8 per cent), the 1.15m shares purchased by Brown Shipley—on behalf of Barlow Rand—since September 3 (1.1 per cent) and the 8.06m new per cent) and the 8.06m new Bibby shares issued to Barlow Rand on the acquisition of TBH

(8 per cent), amount in total to 91.35m shares (90.5 per cent). The Office of Fair Trading has The Office of Fair Trading has confirmed that it does not interal holding company

Mr Warren Clewlow, Barlow's chief operating officer, said in Johannesburg yesterday that "the level of acceptances suits us well. We will maintain The office of Fair Trading has confirmed that it does not interal to refer the offer for Bibby, or the acquisition of TBH by Bibby to the Monopolies Commission. The acquisition of TBH by Bibby was completed on October 12.

#### Leasing offshoot sale to cut SGB finance charges

SGB, the scaffolding group, has sold its leasing subsidiary SGB of first year capital allowances Leasing to an unidentified private company. In addition to the sale price of £35,000, SGB has been With the tax benefits of leas-

budget.
With the tax benefits of leas-In the UK, a Haden and a Carrier subsidiary will combine to form a joint venture 51 per cent owned by Carrier and 49 per cent by Haden. The joint venture will pay Haden £475,000 for a property occupied by its present subsidiary.

The UK, a Haden and a company repaid a £3m parent company ing gone, and with rental rates falling sharply, SGB ould have ontend ing rentals on its existing gook, director, said the sale would freduce group borrowings and reduce group borrowings and several potential buyers and dispresent subsidiary.

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#### **COMPAGNIE FRANCAISE DE** L'AFRIQUE OCCIDENTALE

(Incorporated in France with Limited Liability)

In a letter to the Shareholders dated 17th September 1984 the Chairman, Mr Paul Paoli, reported that the unaudited results of the Company for the half-year ended 30th June 1984 disclosed a net profit of Frs 35.4 million. This represents an increase of 12.83% over the corresponding period of 1983.

The recent rights issue of Frs 156 million which closed on 28th June 1984 had been fully subscribed.

During the first half of the year the market value of the Company's shares rose from Frs 564 to Frs 653 (excluding rights) per share. This gain of 22% compares favourably with the 8.6% increase in the French Stock Exchange Index during the same period.

At Group level the consolidated results for the half-year (expressed in millions of Francs) are as follows:

30.6.1984 30.6.1983 Turnover ..... 5.900 5.460 Operating Profit ..... 122 Net Profit ..... 114 Business in Europe, despite difficulties in certain sectors, is being maintained at a satisfactory level and is in line with targets. African interests have been affected by the difficult economic situation prevailing on the West Coast. The Company has taken steps to maintain its position in these markets where the medium-term

Mr Paoli forecasted the results for the year 1984 would show a reasonable improvement on those achieved in 1983.

outlook remains favourable

# Tanks Consolidated Investments—itself a subsidiary of Societe Generale de Belgique—has made a series of disposals since reporting a rise in first half for which the whole of 1983, reporting a rise in first half for which the whole group 1984 losses from £178,000 to E326,000. It has now sold industrial sales will reduce borrowings and improve trading performence, installer of diesel geneator and

BIDS AND DEALS IN BRIEF

commercial and mutarial tree-hold property investments which will be added to Whitecroft's property portfolio Pre-tax profits of HAP in the year to March 31 1984 were £364,000, mainly derived from property rents and investment income. British Land, the property group headed by Mr John Ritblat, has boosted its holding in Style, the shoe group, to 7.3 per cent from the 5.3 per cent stake disclosed

Stylo succeeded in warding off a £38m bid from Harris Queens-way earlier this year only because the Ziff family exerts tight control through manage-Preferential applications have been received from 1,256 share-holders of Scusa and Security Centres Holdings for a total of approximately 20.1m shares.

These will be satisfied to the extent of 3.5m shares, having regard to the existing interests in Scusa, on the following basis:

To existing Scusa shareholders—approximately 15.3 per cent of their existing holding in Scusa. To existing Security Centres shareholders—approximately ment shares carrying 16 votes each. The Harris bid was accepted by a simple majority of shareholders.
Yesterday, Stylo shares rose
10p to 148p, valuing the company

at £31m. To existing Scuss shareholders—approximately 15.3 per cent of their existing holding in Scuss. To existing Security Centres shareholders—approximately 20.1 per cent of their existing holding.

At an EGM of Benjamin Priest Green a special resolution on refinancing proposals was approved. An ordinary resolution permitting the subscription of convertible preference shares

Applications were received under the open offer for 528,018 convertible preference shares, and have been accepted in full. The balance of the 1.50m convertible preference shares available has been subscribed for by the institutions which formed the the insitutions which formed the placing group, in addition to the 1.23m convertible preference shares for which the placing group made a firm subscription. Of the convertible preference shares 250,000 have been taken up by the company's bankers and 55,000 convertible preference shares have been subscribed by the directors and senior management.

Dealings in the convertible perefrence shares will begin on October 16.

by directors and senior management was also approved. for the new shares and the ?! per cent unsecured loan stock 2014, which are being issued by way of rights, to be dealt on the USM, dealings are expected to begin today. The cash offer by Hill Woolgar

& Co of 38p per share for the 31.5 per cent cumulative preference of 12.5p with warrant entitlement in S & U Stores has Acceptances were received from 135 holders over an aggregate of 1.01m shares and 252,838 warrants.

\* \* \*
Prudential Corporation has informed A & G Security Elec-

The Council of the Stock tronies that its interest now Ex-hange has restored permission represents 5.26 per cent of its for Tops Estates ordinary shares to recommence dealings on the USM and has granted permission contracts for the acquisition of

Pyke Holdings has exchanged contracts for the acquisition of the goodwill and certain assets of G. H. Fenwick and Thomas Fraser (Meats) which trades as a meat wholesaler and catering butcher in Birmingham.

Fenwick is a catering butcher in Newcastle-upon-Tyne. Pyke has acquired its goodwill and fixed assets for £95,000 and will pay a further sum in cash estimated at £35,000 for the stock at completion based on the lower of cost or net realisable value. The catering business of Fraser will be integrated with the exist-ing Birmingham business of Peter Fairfax a wholly owned

substidary of Pyke.

ditional agreement for the acquisition of Cuba (Industrial Estates) a small property company in which Largs, the holding company of Peel, has a controlling interest, for a consideration to be satisfied by the issue of 180,670 ordinary shares in Peel.

A circular including particulars of the acquisition together with the document containing the recommended offer by N. M. Rothschild & Sons on behalf of Peel for the whole of the issued share capital of Bridgewater Estates has been posted.

Triplex has sold Electromobile Engineering Company (West Bromwich) to the Car Lighting Services Group for an

Peel Holdings has reached con- undisclosed sum. This advertisement has been issued by Hiti Samuel & Co. Limited on behalf of Racai Electronics Pic ("Racai")

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## Racal Offers

- An immediate and substantial capital gain
- A share in the future of one of Britain's most exciting growth companies

## **Chubb Offers**

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## □Hope

□Hope □Hope

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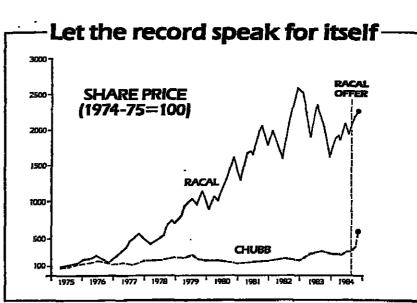
#### City comments

"Together, Racal and Chubb cover the security market from top to bottom." (Douglas Hawkins of James Capel & Co., quoted in the Wall Street Journal (Brussels Edition) -13th August, 1984.)

"We believe that Chubb would thrive under the proven management of the Racal Electronics Group. The marketing expertise held within the larger group coupled with its technological excellence should provide Chubb with the opportunity to evolve into a major world force in the security market" (Phillips & Drewresearch circular dated September, 1984.)

"The bid for Chubb makes a great deal of sense... (Grieveson, Grant and Co. research circular dated August,

"Chubb would provide Racal with the No. 3 position in electronic security systems in the world but would also require tougher management and more innovative marketing to supplement its quality name." (Wood, Mackenzie & Co.research circular dated August,



The issue of this advertisement has been approved by a duly appointed committee of the Board of Racal. Each Director of Racal has taken all reasonable care leither by taking part himself in supervising the preparation of this advertisement or by delegating that task to persons reasonably believed by him to be competent to carry it out, and by disclosing to such persons any relevant facts known to him and any relevant opinions held by him) to ensure that the facts stated and opinions expressed in this advertisement are fair and accurate and that no material facts have been omitted. Each Director of Racai accepts responsibility accordingly.

Racal Electronics Pic, Bracknell, Berkshire.

## Harmony lifts forward gold sales

BY KENNETH MARSTON, MINING EDITOR

FURTHER forward sales September quarter reports of the South African gold mines in the Rand Mines group. Harmony, which produced 8,326 kg of gold in the quarter

and obtained an average price quarter of next year to 4,100 kg at a price of R21,462 per kg. of the other forward sales made for the third quarter of 1985, Blyvoor has sold 1,586 kg at R21,091, Durban Deep 684 kg at R21,262 and East Rand Pro-prietary Mines (ERPM) 591 kg at R80,855.

These prices represent record 

#### **BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

Interims—Air Call. Feb International, Harrisons and Crosfield, Hunting Petroleum Services, Walter Lawrence. Finals—Cradley Print, Five Oaks Investments. Paterson Zockons.

exchanged.

On the other side of the coin, costs in the latest quarter have result of a reduction in the latest quarter as a costs in the latest quarter have result of a reduction in the off-been raised by the increases in setting capital expenditure with white workers' wages granted in the result that net profits are

The mine has now decided to go ahead with a new gold treatment plant at the No 4 shaft complex at an estimated cost of white workers' wages granted in the result that net profits are

Upton (E.) Oct 17
Voung and Co's Brewery Nov 20
Finals:—

of the previous three months. The mine has now decided to

Blyvoor has done well at the pre-tax stage, thanks to increased production and a minimal rise in costs. Here again, the tax charge has risen but it leaves a useful increase in net profits.

Durban Deep has sharply reduced its working loss for the quarter and with the inclusion with a higher net profit. State aid in the case of ERPM has doubled in the quarter, the increase partly reflecting adjust-

## Billiton closes Thailand tin operation

THE indefinite suspension of its major Thai it mining operation in the Andaman Sea, off the southern province of Phangnga has been announced by Billiton Thailand has suffered a record working loss of 19m Thailand, reports Boonsong KThana from Bangkok.

The company, a subsidiary of the company, a subsidiary of the Royal Dutch/Shell group says in that it is taking this action because of depleting ore reserves has had a serious impact on the viability of the offshore operation.

It's a failed operation and we see no future of recovering the loss," said an executive. Hopes of an improvement in the final quarter of this year have not been realised and the longer-

#### **COMPANY NEWS IN BRIEF**

distributor, has lifted pre-tax dollars.

The increased dividend is profits by over £1m in the half declared in view of the good proyear ended June 30 1984 and the board has declared an interim

**Profit Forecast** 

**Dividend Forecast** 

Antofagasta Holdings, rail- cant proportion of railway freight transporter and water revelues are received in U.S.

manufacturer of products for the textile and electrical industries unless there was a fall off of ingress made in the period. The coming orders they would be total last time was 13p per share. able to show a better year on

Profits before tax of the Jersey Mr P. L. Jones. the chairman Electricity Co rose from £1.53m of Jones, Stroud (Holdings), told to £1.93m over the 26 weeks to

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Pre-tax profits of New London Properties, a wholly-owned sub-sidiary of Pearl Assurance, were £1.17m last time.

Racal

No figure\*

No forecast

Gross revenue improved to £10.66m (£9.32m) and net profit before interest and tax to £1.71m

virtually unchanged at £1.14m for the first half of 1984, against Turnover improved from £2.25m to £2.64m and net revenue from

September 30 1984 the profit the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason to reason the second half are likely to reason th

## FT LAW REPORTS

## Bail conditions imposed on miners upheld

R v MANSFIELD JUSTICES, EX PARTE SHARKEY AND OTHERS

Queen's Bench Division, Divisional Court (Lord Lane, Lord Chief Justice, Mr Justice Stuart-Smith and Mr Justice Leggatt):
October 12, 1984.

In the present circumstances the question the magistrates should ask themselves was: "Is this condition necessary for the prevention of the commission of an offence by the defendant when on bail?"

They were not obliged to have substantial grounds. It was enough if they perceived a real

and not a fanciful risk of an offence being committed.

Thus section 3(6) and paragraph 8 gave the court a wide discretion to inquire whether the

condition was necessary. They were certainly entitled to use their knowledge of events at

iocal collieries during the pre-ceding weeks, because it was on the basis of that knowledge (inter alia) that they could pro-perly reach a conclusion as to the necessity of imposing a

It was clear from the evidence,

There was nothing criminal in men congregating to carry out lawful activities. What was not lawful was for bodies of men to foregather in order to prevent others who wished to work from working by means of intimidation, threats of violence or by violence itself.

Where large numbers of pickets seembled with the intention of

trying to prevent working miners from going to work by threats of

violence and force of numbers, there was no doubt that each of

necessity of imposing a

IN DECIDING whether a condition on hail is necessary to prevent a defendant from committing offences while on bail, magistrates are entitled to use their knowledge of local events leading up to the defendant's arrest and may impose the condition if they have grounds, not necessarily substantial, for believing there is a real risk that an

offence will be committed.
The Divisional Court so held when dismissing applications by Mr Stephen Sharkey and eight other miners for judicial review of decisions by the Mansfield of decisions by the Mansfield justices to impose a condition on the grant of bail in respect of charges arising out of the current trade dispute between the National Union of Mineworkers and the National Coal Board.

Section 3 of the Bail Act 1976 provides: "(1) A person granted bail . . (6) . . may be required . . . to comply . . with such requirements as appear to the court to be necessary to secure that . . (a) . . (b) he does not commit an offence while on bail . . "

Schedule 1 paragraph 2 to the Act provides: "The defendant need not be granted bail if the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail . . . would . . . (b) commit an offence while on bail

Paragraph 8(1): "... the defendant is granted bail, no conditions shall be imposed . . unless it appears to the court that it is necessary to do so for the purpose of preventing the occurrence of any of the events mentioned in paragraph 2 of this part of this Schedule . ."

LORD LANE, Lord Chief Justice. giving the judgment of the court said that nine striking coal miners, all of good charac-ter, had been charged with threatening behaviour, obstruct-ing the police or other offences. All were remanded on bail by the justices. In each case a condition was imposed that the defendant was "not to visit any premises or place for the pur-pose of picketing or demonstrating in connection with the cur-rent trade dispute between the NUM and NCB other than peacefully to picket or demonstrate at his usual place of employment.

Mr Sharkey, who was charged with threatening behaviour and wilful obstruction of the highway, was a member of the South Yorkshire NUM. He was one of

cluded the words "if the court is satisfied that there are substantial grounds for believing."

That contention was not accepted. Magistrates, when a defendant was going to be bailed, were not concerned with paragraph 2, which dealt with refusal of bail. They were concerned with section 3(6) and paragraph 8(1) of the Schedule. 4,000 pickets who attempted to enter the County of Nottingham on July 25 1984. Their target was the Babbington pit where miners were reporting for

windscreens smashed and stone-throwing damaged five cars belonging to working miners. The police alleged that Mr Sharkey was paragraph 2, which dealt with refusal of bail. They were concerned with section 3(6) and
paragraph 3(1) of the Schedule.
There was a duplication between paragraph 8 and section
3(6), but the legislature's intention emerged as the logical wish
to impose less rigorous requirements when a defendant was
admitted to bail rather than
refused bail.

In the present circumstances seen to lead a charge against a police cordon and to strike out with his boot, shouting and

They asked the justices to impose the condition on any bail granted to Mr Sharkey, on the ground that over the past few months there had been numerous outbreaks of disorder and if the condition were not imposed, it was likely that he would com-

was likely that he would commit further offences.

It was submitted for Mr Sharkey that no evidence had been adduced with regard to his particular circumstances which could justify imposition of the condition.

The justices, after considering The justices, after considering their decision, said that they were mindful of the present position and the lawlessness it had created. They said: "We feel that there are substantial grounds for believing that the defendant without conditional bail would be likely to commit further offences while on bail." Two of the other nine miners were arrested on the same occasion as Mr Sharkey. Others were arrested outside collieries at Harworth, Bentinck and Bilsthorpe. The condition was imposed on The condition was imposed on their bail also, because there were "stringent" grounds that they would be likely to commit further offences, or they "might" comit further offences. It was clear from the evidence, and must have been obvious to the magistrates, that the miners, if released unconditionally on bail, would have resumed their picketing.

There was nothing criminal in the convergence of the course of the cou

In the present applications for judicial review, the court was asked to rule that the justices failed to exercise their discretion judicially, and that the condition should be quashed. Mr Macdonald for the miners said

Macdonald for the miners said that the justices had made a practice of imposing the condition without proper consideration of the individual cases.

He submitted that there should be two stages of thought. First they should determine whether there were substantial grounds for believing the offence would be committed. Secondly, if so, did it appear necessary to impose a condition to prevent such commission?

He based his argument on

He based his argument on Schedule 1 paragraph 8 to the Bail Act 1976, and suggested that "the events mentioned in paragraph 2" of the Schedule in-

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#### **COMPAGNIE BANCAIRE**

Partners, Sheffield).

mitted by the millers while on ball, and to conclude that a condition was necessary.

The individual circumstances of each defendant were not material except in so far as they showed that unless restrained each would rejoin the mass-nicketing at the first opportunity. The fact that they were men of good character and other per-

The fact that they were men of good character and other personal considerations did not affect the tikelihood of their committing Public Order offences when on bati.

When one of the miners was taken to court he had been one of eight in the dock at the same time, arrested at different locations in Nottinghamshire.

Another had heen brugants before

tions in Nottinghamshire.
Another had been brought before
the court with two other men
and they were placed in the dock

together.
Putting into the dock together

Putting into the dock together defendants who had been arrested on different occasions or at different places made it difficult to avoid the appearance of "group justice." The practice was one to be discouraged.

Nor did it do the Bench credit if their clerk continued to affer

if their clerk continued to affix standard conditions to bail forms even while applications were being made for unconditional bail, as happened in some of the

present cases. The fact that the outcome of the application was correctly anticipated, however,

For the miners: John Macdonald OC and James Wood (Seijert Sedley & Co, Saunders & Co, and Brian Thompson & Devices: Sheffield)

For the prosecution: Brion Appleby QC and Alexandra Scott (R.W. Ritchie,

As emicus curiae: John Laws (Treasury Solicitor)

By Rachel Davies

id not vitiate the decision. All the applications were dis-

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Report by the Board of Management First half of 1984

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On 30th June, 1984 the total of loans outstanding amounted to 98,500 million feaces.

(in thousand million francs)	1st balf 1982	2nd half 1982	1st half 1983	2nd half 1983	1st half 1984	•
Credit granted and new business	14.0	15.9	16.4	17.5	17.6	
Loans outstanding (end of period)	73.9	<i>7</i> 7.8	82.0	86.5	90.5	

CONSOLIDATED PROFITS

Net consolidated operating profits attributable to the Compagnie Bancaire amounted to 254 million francs during the first half of 1984.

			•	
(in millions of francs)	1982	1983	1st half 1983	1st half 1984
Group pre-tax profits	1,372	1,612	811	860
Taxation	-634	760	-372	-408
Outside shareholders' interest	_329	<del>-359</del>	-183	-198
Net consolidated operating		· .	1	.
profits attributable to the Compagnie Bancaire	409	493	256	254

The Group's share capital and reserves, including net profits for the first half of 1984, reached 6,797 million francs as of 30th June, 3,720 of which were attributable to the Compagnie

Note to the accounts:

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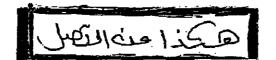
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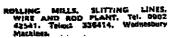
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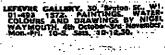
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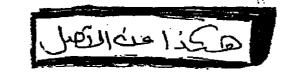
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## SECTION III - INTERNATIONAL MARKETS

## FINANCIAL TIMES

Tuesday October 16 1984

Coming of age for the perpetual floater, Page 38

**WALL STREET** 

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## Prime rate cut prompts swift rally

THE DECISION by Bankers Trust to cut its prime rate by % point was greeted by a sharp rise in stock prices on Wall Street which at midsession pushed the Dow Jones industrial average convincingly through the 1,200 mark, writes Terry Byland in New York.

Also helping the market was the flow of satisfactory results from U.S. industry, which featured higher earnings from Burroughs, NCR, Allied Corporation, Pfizer, TRW and many others. Lower net earnings from Chase Manhattan found a somewhat cooler reception, although analysts were pleased to see the bank's substantial increase in loan loss

At the close the Dow Jones industrial average was up 12.26 at 1,202.96.

In the money markets, rates edged higher, taking their cue from the federal funds rate of 10%s per cent. The credit market turned cautious as traders measured the prospects for the massive \$42.3bn Treasury funding programme unlocked by the belated approval from Congress for the increased federal debt ceiling. The programme opens today with the sale of \$5.5bn in seven-year

Standard & Poors 500

Oct 15 . Previous Year ago

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End Month Figures

NEW YORK

DJ Transport

S&P Composite

DJ Utilities

FT ind Ord

FT-SE 100

FT-A 500

FT-A All-share

FT Gold mines FT-A Long gift

LONDON

MIONE

notes, to be followed by \$8.8bn in twoyear notes on Wednesday. Bond prices opened lower, moved ahead after the prime rate cut by Bankers Trust, but later turned uncertain.

This week brings the latest round of federal statistics on the progress of the U.S. economy. While a further slowdown in the growth pace is likely. Wall Street still believes that the fall in short-term interest rates has laid the basis for a market upturn after the Presidential

election, barely a month away.

In the banking sector, Chase Manhattan steadied to show a net fall of \$1/4 at \$43% after the results. Manufacturers Hanover gained \$% to \$31% on further consideration of its own figures.

Other bank stocks were mostly up, led by Bankers Trust, higher at \$52%, Citicorp, \$1/6 better at \$361/4; and J.P. Morgan \$% up at \$72%. However, First Chicago fell \$% to \$22%.

The computer sector was in good form, with a gain of \$1% to \$123% in IBM boosting the Dow average. Sharply increased profits took NCR to \$25, a net \$% up. Burroughs at \$52% moved up by \$%, also on higher profits, and Honeywell added \$\% to \$55\%.

United Technologies put on \$\% to \$22\% after its disclosure of a sharp rise in third-quarter profits.

First results from the chemical sector featured two companies which also have interests in other areas. Allied benefited from its automotive divisions, gaining \$\mathbf{s}\tau \$37\% on higher profits, while Hercules - a stakeholder in Erbamont NV, the holder of Montedison's health care operations - added \$% to \$32%.

Pfizer rose \$\% to \$35\% in response to higher earnings for the quarter. Abbott

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INTEREST RATES

KEY MARKET MONITORS

Laboratories at \$40% gained \$1. Merck, \$\% up at \$81\%, and Bristol-Myers, \$\% better at \$44%, also improved.

Also prominent in the results league was TRW, \$11/4 higher at \$66% on a one third rise in earnings. Dana, the automotive products group, added \$% to \$24%, and Time, the magazine publisher, added \$% to \$43, both on trading results.

In the credit markets, the federal funds rate opened at 10% per cent and resisted downward pressure. Three-month Treasury bills at 9.95 per cent gained five basis points, while six-month bills edged up four basis points to 10.05

The longer end of the bond market, which still has a week to run before meeting the first wave of Treasury refunding, added % point at one time in modest trading. Later, gains were lost, and the key long bond, the 12.5 per cent of 2014, was quoted 1/2 down at 1027/32. Near-dated issues were also nervous, with when-issued yield on the seven-year notes at 12.30 per cent and on the two-year at 11.71 per cent.

#### LONDON

## Currency pressures put aside

THE SCENT of cheap money was still sufficiently powerful in London yesterday to offset further bad news on the currency front.

Investors in gilts were not dismayed by the dollar's strength and committed funds to both conventional and index-

Longer-dated conventional gilts rose % and appeared to be set for fresh improvement, but easier U.S. bond values later blunted buying enthusiasm. Subsequently gilts surrendered part of their improvement to close with mixed movements on the day.

Leading equities were influenced by Friday's Wall Street trend, and buyers were again selective in their approach. The FT Industrial Ordinary index rose 5.6 to 881.6.

Lucas was again keenly sought and finished up 13p to a 1984 peak of 241p, while Jaguar firmed a further 8p to 203p. Chief price changes, Page 30; Details, Page 31; Share information service, Page 32-33

#### AUSTRALIA

SUSTAINED buying of industrial and Ordinaries index to a five-month high, closing 5 points up at 753.1.

A firmer tone on international exchanges gave the signal for a continuation of the buying support which developed last week. By the close of business rises outnumbered falls two to one.

Golds were singled out among a firmer mining sector, and GMK added 16 cents to A\$5.90, Central Norseman 10 cents to A\$5 and Bougainville 8 cents to

BHP firmed 5 cents to A\$10.30, while banks and retailers were generally higher. Mayne Nickless, which is under offer from APM at AS3.52 a share, eased 4 cents to AS3.76.

#### HONG KONG

FROM A QUIET opening, trading in Hong Kong gathered momentum to leave prices moderately higher. Overseas institutional buying was behind the advance, which centred on banking and property groups. Among the banks, East Asia rose 10

cents to HK\$19.70, Hang Seng 75 cents to HK\$35.50 and Hongkong and Shanghai 15 cents to HK\$6.75.

Hongkong Land, which is considering selling its Excelsior Hotel, firmed 15 cents to HK\$3.125, while Sun Hung Kai added 25 cents to HKS6.95. The Hang Seng index advanced 15.95 to 999.09.

#### SINGAPORE

THE EMERGENCE of buying and covering interest left Singapore higher in thin trading. Turnover slipped from 12.5m on Friday to 9.8m while the Straits Times index firmed 4.03 to

Pan Electric was again the most active stock and gained 12 cents to SS3.42. Following it in volume were Tuan Sing, 7 cents higher at 80 cents, and Ben & Co. up 5 cents to S\$1.67.

#### **SOUTH AFRICA**

A MODEST afternoon slowdown in Johannesburg saw gold shares close mixed in quiet trading. The late weakness developed despite the bullion price holding its ground against the dollar.

Randfontein closed R2.25 higher at R20.90 after reaching R21.10, while St Helena eased 25 cents to R3.875. De Beers firmed 5 cents to R8.68, and Anglo American 20 cents to R32.40. Industrials closed mixed in light trading.

#### CANADA

A FIRMER tone developed in Toronto, with transport, property and metal groups registering the best gains during more active trading. Improvements on international bul-

lion markets gave rise to strength among gold stocks, although price rises were slight.

Montreal, too, showed widespread

#### TOKYO

## High-tech side takes the lead

ENCOURAGED by the three consecutive rises on Wall Street last week, investors bought high-technology issues in Tokyo yesterday giving the market an unexpected boost, writes Shigeo Nishiwaki of Jiji Press.

Foreign investors were active in the

sector and among other blue-chip issues. Their morning purchases through the big four securities houses totalled 19.5m shares, compared with 17.5m sales.

The Nikkei-Dow market average added 95.60 to 10,780.18, recovering the 10,700 mark for the first time in a week, on volume of 271.80m shares. Advances outnumbered losses 414 to 287, with 173

issues unchanged.

The rise in Wall Street's Dow Jones industrial average to nearly 1,200 encouraged investors. Canon drew substantial buying orders from the outset and triggered advances for other blue chips, apparently reflecting brisk demand for its laser beam printers and continued foreign buying. It shot up Y90 to Y1,160 on the day's heaviest trading of 11.80m

An official of Nikko Securities said non-resident buying of Canon stock between October 1 and 15 topped 8m shares, compared with 6.7m for the month of September.

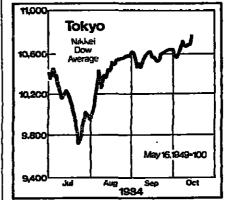
Nippon Kogaku gained Y40 to Y1,400 on investors' expectations that increased demand for semiconductor production equipment will produce record profits topping Y10bn for the year ending in March. Casio Computer jumped Y140 to Y1,770 on a turnover of 5.06m shares.

Trading on other internationally known blue chips was not as active. Hitachi added Y21 to Y871, NEC Y50 to Y1,300 and Toyota Motor Y30 to Y1,370. High-priced blue chips were also firm, with Kyocera advancing Y450 to Y7,700 and Sony Y80 to Y3,870.

Ikegai climbed Y19 to Y470, while Sumitomo Precision Products scored a daily limit gain of Y100 to finish at Y940, and Mochida Pharmaceutical closed Y600 higher at Y13,650.

Bond prices rose amid brisk small-lot buying by regional and mutual savings banks. The above-par 7.5 per cent government bonds maturing in January 1993 were sold, with the yield rising from last Friday's 7.055 per cent to 7.06

per cent. But investors bought 7.3 per cent government bonds due in December 1993, where trade volume is outweighing that of the 7.5 per cent bonds, and the yield declined from 7.095 per cent to 7.085 per



#### **EUROPE**

## **Amsterdam** returns to records

RECORD heights began to be tested yesterday by the West German and Dutch bourses for the first time since the heady buying session of early February, on a further appreciation of the prospects for companies exporting to the U.S. and thus standing to benefit from the dollar's advance.

The midday Amsterdam calculation of the ANP-CBS general index was 1.3 higher at 179.5, exceeding the peak attained 8% months ago, as foreign and domestic institutional demand encouraged a boost in trading activity.

Among the day's best were a Fl 7.50 jump in Oce-Van der Grinten, on the photocopier maker's plans for a U.S. listing, and a Fl 2.70 gain in Gist-Brocades, which took the biotechnology group to FI 170.70. Banks were also favoured, with ABN adding Fl 4 to Fl 354.

Boskalis rallied Fl 1.20 to Fl 12.70 as its reshape continued.

By contrast, the domestic bond market was dull and prices little changed amid expectations of a new bank issue, possibly today.

Frankfurt buying interest, initially enthusiastic and including strong foreign demand, dwindled towards the close but left the FAZ index 0.95 better at 370.27 just 0.57 off its record reached on

February 2. VW, which has lagged behind the other car makers in recent weeks because of its arguably less lucrative U.S. export potential, advanced DM 4.10 to DM 188.30. But it was the chemical sector which drew most attention, allowing gains of DM 4.70 in BASF at DM 168.80 and DM 2.80 for Hoechst at DM 183.90. A firm engineering sector was fea-tured by GHH, up DM 2.10 at DM 157.90

on its expected Chinese contract. Domestic bonds gained up to 14, allowing the Bundesbank to sell DM 77.9m in

Few other centres made much progress, however. Paris, which has already this month re-established itself at peak levels, extended a cautious retreat in uneventful business. Retailer La Redoute slipped FFr 30 to FFr 1,170 ahead of

slightly better sales figures.
Early Milan firmness fell sharply away, but the setback was not immediately attributed to the widening of a corruption investigation. Among the groups with executives allegedly implicated, Credito Italiano eased L10 to L1,850, but Mediobanca put on L200 to L59,800.

Bonds generally eased.

A mixed Stockholm result showed
Volvo SKr 3 ahead at SKr 241 as it neared its Hamilton oil target in the U.S. Copenhagen was dragged lower by a DKr 270 plunge in Novo to DKr 1,635 in the wake of the biotechnology concern's reduced forecast for sales growth.

Low Zurich volume brought few marked movements. Hoffmann-La Roche added SwFr 25 to SwFr 9,150, reportedly on just one purchase, while UBS in banks dipped SwFr 35 to SwFr 3,375 on selling out of Geneva. Jacobs Suchard jumped SwFr 200 to SwFr 6,100 in a very narrow market.

The bond market came under pressure following the cancellation of a pending federal issue.

Brussels traded within a narrow range. Wire maker Bekaert had a better than average BFr 55 gain at BFr 4,785. Electrical utilities led Madrid upward, recovering from last week's weakness.

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Peter O Kölle **Executive Vice President** 

Siegfried Bouvier-Entlé Senior Vice President

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Continued on Page 29

Closing prices, October 15

ARISHER HANDER H

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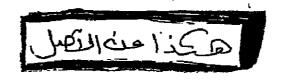
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19 多分类性名 经现代的 计不分词 医骨牙 不知信息。 可是是这个多个有话的,我们也不不信息,他也也是一个人的人的人 27 14 - 22 18 17 512 10 16 16 26 3 11 28 24 25 17 22 20 44 75 11 30 12 36 1 3164 - 252 1955 25 12 15 1824 - 1323 11 11 1325 25 15 14 15 17 33 14 5 Hesston
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# 72 2 机对抗性性成为外内性性 9 微性处理器形式与代码的作品 对极级的现在分词形式经验的影影的 25.546479268734384899333755555888255527888485542542542565258 | 1976年2日 | 19 p250 90 90 456 6 6 22 63 9 9 16 6 2 26 3 9 9 16 5 24 4 13 7 7 100 93 6 15 6 2 10 93 6 15 6 2 10 93 6 15 6 2 10 93 6 15 6 2 10 93 6 15 6 2 15 6 ACCAMACT FACE TO THE STATE OF T 感力:这次感情和情况中的不断可以不断的人,这种情况和感觉不够可能和我的人,我们是我们情况不够的人们的感觉有了是什么不够可能的,也是是我们 2.后在各位《日报》为五户的各方名与华州的内阁。每年代的最后的一点,由于工作作用的与大的目光的一种也是现代的现在分词,是可以是可以是一种对象的是 他们的现在分词可以是一个人的问题,他们也是一个人的,他们也没有一个人的,他们也是一个人的,他们也是一个人的,他们也会会会会会会会会会会会会会会会会会会会会会会会 Cind CONTROL C କରିକ୍ଷି ଏ ପରିକ୍ଷି ଅନ୍ତି ପରିକିଥି । ପରିକ୍ଷି ଅନ୍ତେ ଅନ୍ତି ଅନିକ୍ଷ ଓ ଅନ୍ତି ଅନ୍ତର୍ଶ ହିଛି । ଅନ୍ତର୍ଶ ହିଛି ଅନ୍ତର୍ଶ ହିଛି ଅନ୍ତର୍ଶ ହିଛି । ଅଧିକ ଅନ୍ତର୍ଶ ହିଛି । ଅଧିକ ଅନ୍ତର୍ଶ ହିଛି ଅନ୍ତର୍ଶ ହିଛି । ଅଧିକ MA-W
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12 出场的大彩的。而我们各种记录后的话题。如<sub>了一</sub>,让我们的话题就是多一个人,我们是一个人,我们就是一个人,我们们是一个人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们是这种人,我们们也是一个人,我们可以 MACON MCAPP MCOPP MCOPP MCOPP MCOPP MCOMP MCONG MCONG MCONG MCONG MCOPP MCONG MCOPP MCONG MCOPP 的外型的对比较多的多好的对比不是是不是有一种的,不是是一种的,我们也是一种的人的,我们也是一种的人的,他们的是一种的人的,我们的人们的,我们们的人们的,我们们们的 情况是16年代代表的影子与的特殊的是15年的是15年代的第一个大学的各种。2016年次次的各种最大的最大的一种的一种的影响,是15年的第一个一种,15年的影响, An affiliate of 444 11 25 576 12 38 18 30 35 GAF GATX GCA GEICC GEO GF GTE GTE GAPO GAPO **经有效的过去式和过去分** J-J-1.44 4 .56 .70 1 15e a1 32 Jeff JiPlever Jameser Japoni Jeff Jeff 30 230 127 104 234 34% 32% 17% 11% 36% 343 323 174 115 354 25 35 11 11 35 S Founded 1865

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**CLOSING** 

Closing prices, October 15

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374. 672. 268. 268. 459. 274. 274. 274. 3712 4772 26% 26% 15% 45% 25% 22% 22% 

Sales figures are unofficial. Yearly highs and lows retired the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dwidend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of cividend plus stock dividend. c-liquidating dividend cid-called. c-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend Canadish hards, subject to 15% non-residence tax. I-dividend declared after split-up or stock dividend. g-dividend paid this year, omsted, delerred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividend declared or paid this year, an accumulative issue with dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading, nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split, sis-sales, i-dividend paid in stock in preceding 12 months, estimated cash value on au-dividend or ex-distribution date u-new yearly high. u-tracking hatted. dividend begins with date of split, sis-sales, i-dividend paid in stock in praceding 12 months, estimated cash value on au-dividend or ex-distribution date u-new yearly high. u-tracking hatted vi-in bankungtry or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-withe insured www. with warrants. y-ex-dividend and sales in tuli, yid-yield, z-sales in tall.

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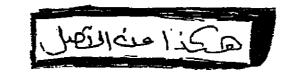
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## WORLD STOCK MARKETS

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AUSTRIA GERMANY JAPAN (continued) NORWAY AUSTRALIA (continued)  Oct. 15 Price + or Oct. 15 Price + or Oct. 15 Price + or Oct. 15 Price	O V DIA- I I III-COOT VI DIA Nasaad national market adoption printer	LONDON
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#### LONDON STOCK EXCHANGE

tries. Investors showed interest

100p.

DRG proved to be one of the

Properties continued to feature possible takeover candidates and

plan to relax rent controls on private rented housing. Mount-

**MARKET REPORT =** 

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## Scent of cheaper money bolsters markets and annuls

FINANCIAL TIMES STOCK INDICES

sterling, wilted as the dollar strengthened on encouraging economic and inflation data over the weekend. The pound was also unsettled by fears of lower North Sea oil prices in the wake of a Norwegian (Statoil) price

ci a Norwegian (station) piece reduction.

Gilt-edged investors were not dismayed by the currency events and committed funds to both conventional and index-linked issues. The authorities sold stock of both index-linked issues make issues. The authorities sold stock of both index-linked issues made available only yesterday to the market; supplies of the £100m tranche of Treasury 2½ per cent 2003 were sold at 97%, while part of the £200m issue of Treasury 2½ per cent 2016 went at 85%. Longer-dated conventional Gilts rose ½ and appeared to be set for fresh improvement, but easier U.S. bond values later blunted buying enthusiasm. Subsequently, Gilt-edged stocks surfudustrial Ordinary share index owed much to firmness in contranche of Treasury 2½ per cent 2003 were sold at 97%, while part of the £200m issue of Treasury 2½ per cent 2016 went at 95½. Longer-dated conventional Gilts rose ½ and appeared to be set for fresh improvement, but easier U.S. bond values ister blunted buying entinusiasm. Subsequently, Gilt-edged stocks sur-Industrial Ordinary share index owed much to firmness in constituents Blue Circle and Lucas Industries. Particularly strong lately, the latter advanced in style to close 13 up at a 1982. Leading Building Material issues attracted further light support. Buying in a market peak of 241p. Revived speculation arose of a U.S. approach, but the shares could well be timed to reflect its involvement in a consortium which recently out the snares could well be undergoing a market re-rating, rendered part of their improve-ment to close, with mixed movements on the day, Medium-dated stocks often retained their rises, but ultra-long issues settled only fractionally harder. After the recent upsurge, index-linked stocks became more volatile, displaying 4-point rises

to point falls. Bank of England had grapted a Elbn temporary facility for the sale and repurchase of Gilt-edged securities, which should avert technical pressures on UK money payments, made kittle impact on sentiment, while news of U.S. Prime lending rate reductions came too late to affect market

Leading shares were influenced by Friday's Wall Street trend.
The latter's rise moroe than outweighed a slightly less optimistic
reading of the miners' dispute. Buvers were again very selective in their approach and a further rise of 5.6 to 881.6 in the FT

Composites rise

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Dealings thous Dealings Day
Oct 1 Oct 21 Oct 22
Oct 15 Oct 25 Oct 26 Nov 5
Oct 29 Nov 8 Nov 9 Nov 19

\*\*Now time " dealings may take place from 9.30 am two business days
estion.

The scent of cheaper money
was still powerful enough yes
in London stock markets

The scent of cheaper money
was still powerful enough yes
in London stock markets

GRE improved 5 at 605p but
Commercial Union, after touching 188p initially, drifted lower

antiqued to

where, bid hopes continued to underpin Life issues. Recently good on talk of an offer from Citicorp of the U.S., Equity and Law added 5 afresh to 210p. Sun Life advanced 21 to 704p. while improvements of 6 and while improvements of 6 and 7 respectively were seen in Britannie, 558p, and Pearl, 587p.

Mercury Securities featured merchant banks with a recovery of 17 to 420p from the depression caused recently by comment on the cost of the fourway merger involving stock-jobbers Akroyd and Smithers and stockbroking concerns, Rowe and Pitman and Mullens.

The two newcomers to the

issues attracted further light support. Buying in a market short of stock lifted Bire Circle 10 to 442p, while Tarmac continued to reflect its involvement in a consortium which recently won a £100m Egyptian contract and firmed 4 afresh to 474p. Elsewhere, Bryant Holdings closed a penny better at £4p. closed a penny better at 64p, after 65p, following the better-than-expected annual results, while John Mowlem rallied 10 to 204p on second thoughts about the recently-announced interim figures. Feb Interna-tional "A" firmed 4 to 92p awaiting today's half-timer. Among Timbers, Meyer Inter-national attracted further buying interest on takeover rumours and touched 1300 prior to closing 3 dearer on balance at 127p. Leyland Paint were a good market for a similar reason and gained 2½ to 27½p. Renewed American demand.

and gained 2½ to 27½p.

Renewed American demand,
reflecting currency considerations, and domestic buying
ahead of next week's thirdquarter figures saw ICI rise to
a 1964 peak of 688p before closing a net 4 up at 686p. Danish
industrial enzymes producer
Nove Industries "B" came under
selling pressure following the
company's downgrading of sales company's downgrading of sales growth estimates and the close vas a net 41 points down at

adverse effects of sickly pound Vinten, on the other hand, still unsettled by a broker's down-

> Sovernment Secs..... 90.98 80.95 80.46 80.70 80.76 80.98, 81.26 Fixed Interest......... 84.66 84.94 84.50 84.52 84.71 84.77 84.29 891,6 876,0 870,6 886,8 866,2 866,6 677,6 554.6 548,0 856,2 555,9 557,6 561,8 341,9 4,81 4.83 4.86 4,88 4.88 4.84 4.98 Ord, Div, Yield ...... Earnings, Ykd. 2 (full) 11,48' 11.53: 11.60 11.65 11.65 11.55 9.88 P/E Ratio (net) (\*) ..... 10,44- 10,40, 10,84- 10,29- 10,89- 10,40- 13,68 Total bargains (Est.) 21,001-16,611 18,768 18,845 19,422 18,220 20,021 Equity turnover £m. — 408,84 388.42 378.67 259,51 245,41 171.83 Equity bargains..... — 20,110 18,703 16,450 16,609 16,471 16,553 Shares traded (ml)... - 267.2 265.2 258.2. 141.4 129.7 | 115.7

10.am 877.8. 11 am 878.8. Noon 880.4. 1 pm 879.8. 2 pm 879.8. 3 pm 880.4. Basis 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/65. SE Activity 1974.

Nil = 10.03.

HIGHS AND	LOWS	S.E.	ACTIVITY	

	1984		Since Compilat'n			Oct.	Oct.
_	High	Low	High	Low	Daile		<del></del> -
Secs	83,77 (\$/1)	75,72 (59/7)	127.4	49,48 (6/1:76)	Daily Gift Edged Bargains	134.3	141,4
d Int	87,48 (14/8)	BO.43 (597)	155,4 (28/11/47)	50,03 (81/1/75)	Bargains	130.3 820.3	121.2 786.1
Ord	922,8 5/5)	765,3 (26/7)	922,8	49,4 (26/5/40)	5-day Average Girt Edged Bargains	147.3	150.8
Mines	711,7 (9/5)	485,7 (1/8)	734.7 15/2/85)	43.5 (28/10/71)	Equities	111.9 678,3	109.2 637.0

penny cheaper at 131p, now firmed 10 to 75p in response controls 7.3 per cent of the equity.

Already a few pence to the good throughout the session, leading Stores made further progress after-hours. The sector Bromwich Spring had increased derived encouragement from the latest retail sales figures — the provisional index for Setpember rose to 114.3 from August's 110.9.

Consider A formed 10 to 75p in response to Press comment.

Several firm spots emerged from secondary Engineerings.

Exercise 4 press comment.

Several firm spots emerged from secondary Engineerings.

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Several firm spots emerged from secondary Engineerings.

Exercise 5 press comment.

Several firm spots emerged from secondary Engineerings.

Several firm spots emerged from secondary Engineerings. rose to 114.3 from August's 110.9.
Gussies A fared best with a leap
of 18 to 633p. Barton, 316p, and
Woolworth, 540p, added 4 apiece,
but British Home, due to reveal first-half figures tomorrow, eased a penny to 234p. Raybeck, which announced poor interim figures last Friday, rallied a couple of pence to 27p on recovery hopes.

Harris Queensway, 178p xd and MFL 189p, rose 5 and 7 respectively, but other secondary Stores were generally content to mark Etam attracted scattered speculative support and rose 5 to 122p, while Aquascutum A were marked 3 higher to 491p.

Leading Electricals made a quietly firm start to the Account. Them EMI led the way with a gain of 6 to 433p, while GEC. 228p, and Racal, 254p, improved An FT article highlight the f222.

current capital strength of Footwear issues highlighted British insurance companies renewed strength in Style which defend for Composites on the first day closure that British Land, a and the new nil-paid shares

Carrier Corporation Syracuse of the U.S., while James Dickle rose the U.S., while James Dickle rose 7 to 31p, after 33p, in response to an investment recommendation. Downlebrae gained 6 to 25p as did McKechnie, to 139p, while Pegler-Hattersley put on 12 to 248p and A. Cohen firmed 15 to 490p. Carelo added 8 at 150p and Stothert and Pitt gained 5 to 145p.

Among Foods, buyers returned for current takeover favourite Rowntree Mackintosh which moved up to a 1984 peak of 350p moved up to a 1984 peak of 350p prior to closing a net 10 up at 348p. Unigate were prominent on talk of a broker's circular being in the offing and gained 6 to a high for the year of 145p. Recently-overlooked Cadbury Schweppes firmed 4 to 143p, while Ranks Hovis McDougall added 11 at 1031. Food Retailers added 11 at 1031. Food Retailers were also firm with Associated Dairies 4 higher at 186p. Albert

private rented housing, mount-view Estates rose 5 more to a high for the year of 340p and Daejan gained a similar amount to 320p. Eisewhere, Stockley put on 10 to 66p on hopes that the company would soon obtain planning consent for its Stockley Park development, near Heath-row Airport. row Airport Firmer Far Eastern markets prompted occasional strength in Investment Trusts. New Tokyo hardened 7 to 333p, while similar Fisher gained the turn only to 112p, despite the excellent annual results but Basset drew late support and closed 6 higher at 153p. Freshbake improved a couple of pence to 106p follow-ing Press comment. Japanese, 504p, and Ballile Gifford Japan, 291p. Elsewhere. London Trust firmed a couple of pence to 91p after favourable pence to 91p atter lavourable weekend comment. Among Financials, Hampton Trust rose 3½ to 37p following a newsletter recommendation, while the increased interim profits and dividend lifted Antolagasta 11 to

Pentland improve

Pentland improve

Pentland returned to favour in miscellaneous industrials as bid hopes revived and the close was 14 better at 250p. Channel Tunnel advanced 13 to 123p on hopes that this week's talks in Paris between British and French Government transport officials will lead the way for a "chunnel" project. Eastern Produce attracted buyers and firmed 20½ to 300p xd, while Amari gained 4 to 105p xd in response to Press comment. British Aerospace moved up 7 to 377p and the recently-favoured Hanover Investments hardened a couple of pence more to 140p; the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Entled by the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Entled by the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Entled by the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Entled by the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Entled by the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, entled with similar falls. Hatchison Whampoa put on 7 to 138p and Jardine Matheson

**EUROPEAN OPTIONS EXCHANGE** 

Vol. Last Vol. Last Stock

0.69

13,60

22

7 --58

1 43 22

| 10 | 24 | -- | -- | F.170.70 | 70 | 3.20 | 5 | 9.50 | F.141.80 | 106 | 5.50 | 103 | 8.70 | F.65.20 | 250 | 3.70 | 17 | 5 | F.40.20 | 661 | 1.60 | -- | -- | F.155 | 60 | 9.10 | 5 | 12 | | |

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Apr.

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-- ,F.354 15 10 <sub>|</sub>F.152 5 11 ,F.190,80

8.30 F.97.70 4.10 F.66

Vol. | Last

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Dec.

5 | 0.50 | 9 | 0.15 | 17 | 0.04 | 14 | 0.01 | 17 | 0.11 |

Oct.

10 : 0.50 260 | 2,60

TOTAL VOLUME IN CONTRACTS: 24,187

NATN C PEO C PETR C PHIL C PHIL P PHO C RO C RO C RO P UNIL C UNIL P

3.30 3.10

75 5.20

1620 320 9.60 0.60 0.20 0.20 0.10

C=Call

graded profits forecast, slumped 23 further to 245p. Polymark remained on offer at 9p, down a further penny, while Chubb gave up 4 at 270p as hopes pared with the 130p ruling a week yesterday. Bryson Oil dropped 45 more to 210p—a fall of more than 100p in a week.

Plantations continued to highfaded of a counter to Racal's

light Anglo-Indonesian which spurted 12 more for a two-day gain of 32 to 217p in front of Thursday's mid-term statement. Activity in Motors was not totally confined to Lucas Indus-

RTZ advance

elsewhere in a sector. Boosted by hopes of substantial orders emanating from the Interna-tional Motor Show, which begins today in Birmingham. Jaguar Mining markets were highlighted by exceptional strength in Rio Tinto-Zine which advanced 15 to 612p, after 615p, as favour-able weekend Press comment encouraged persistent demand in spurted 8 to 203p as favourable Press comment stimulated sizable "call" option business; dealers reported renewed interest from U.S. sources. Lotus firmed 3 to 59p, while BL held at 44p; the latter's Metro range has risen to the top of the domestic new car sales league in the first 10 days of the current ment. a market short of stock. Other UK-based issues also made progress with Consolidated Gold Fields finally 8 up at 510p, after 515p. Charter Consolidated improved to 225p initially but encountered profit-taking which left the close a nearly down on in the first 10 days of the current month. Automotive Products hardened a couple of pence to 53p on the formation of a joint venture company with Turber and Newall, unchanged at 94p. Buyers also displayed fresh enthusiasm for British Car Auction which advanced 5 to 1000. left the close a penny down on balance at 222p. Currency fluctuations played a

DRG proved to be one of the day's more volatile counters; down to 174p in early business following "take-profits" advice in the weekend Press, the shares rallied sharply on revived U.S. bid speculation to touch 184p before closing unchanged on substantial interest in either direction. Although barely changed in dollar terms, sterling prices for Golds were enhanced by the marked weakness of the pound against the American cur-rency and the Gold Mines index, calculated in sterling prices, rose 6.6 to 554.6.
Australians were marked up at

> was connied to modest ouying interest and most of the leading diversified issues closed with moderate gains on balance.
>
> Traded Options attracted 4,342 contracts, comprising 3,336 calls and 1,006 puts. Trafalgar House returned to favour with 989 calls transacted 500 of which were transacted—650 of which were done in the October 280's, 3 dearer at 37p. Jaguar were also lively and recorded 320 calls, the December 200's accounting for 166 and rising 3 to 15p, and 314

LOWS FOR 1984 NEW HIGHS (140)



issue, finished 12 lower at 323p.

Burmah Oil advanced 208p
amid persistent bid speculation,
but eased back to close with a net gain of 5 at 205p.

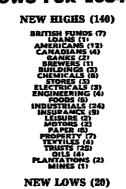
Irish exploration issues tumbled from the outset on news that Eglinton's latest well in Colombia has been abandoned Eglinton slumped 23 to 60p, com-

significant part in South African Gold shares. Sharply higher in the U.S. on Friday night, Golds opened firmer in London but thereafter failed to attract any

the outset boosted by wide-spread firmness in Sydney and Melbourne exchanges overnight. Subsequent activity in London was confined to modest buying

possible takeover candidates and residential property developers. The bid scene was enlivened by news of C. H. Beazer's agreed offere for M. P. Kent; the latter, up sharply last week on the announcement that bid discussions were in progress, moved up another 7 to 74p. With Beazer 8 down at 350p, the cash and shares bid currently values Kent at 77.7p per share. Bath and Portland, in which Kent holds a 18.1 per cent stake, gained 21 to 214p, after 218p, but William Leech, where Beazer holds a 46.4 per cent stake following a recent abortive takeover attempt, fell 8 to 123p. Elsewhere, Marier Estates continued where, Marier Estates continued to trade actively and touched a 1984 peak of 128p xd prior to closing a net 7 up at 122p xd. Still reflecting the Governments

**NEW HIGHS AND** 



Damson Oil AMERICANS (1) Roberts Adiard CHEMICALS (1)

Roberts Adiato
Novo Inds. B
ELECTRICALS (2)
United Scientific Workness
ENGENERING (2)
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\$115 | F.P. | 146 | 135 | SAddison Comms. 3p 146 | +1 | bg1.4 3.8 1.427.6 | aboledor(A.F.) 10p.69 | bg4.57 2.5 7.5 8.5 | sp. 26710 | 87 | 84 | comp. Fin. Servs.5p | 88 | bg4.57 2.5 7.5 8.5 | comp. Fin. Servs.5p | 88 | comp. Fin. Servs.5p | 89 | comp. Fin. Servs.5p | 89 | comp. Fin. Servs.5p | 80 | comp. Fin. Servs.5p | 60 | comp. Fin. Servs.5p | comp. Fi

RECENT ISSUES

FIXED INTEREST STOCKS

**EQUITIES** 

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	lesue price £	Amount pa d up	ntest Bnunc. date	19	84	Stock	Orosing price £
-		₹₫.		High	Low		=   -
:	1)	F.P.		115	107	Applied Botanics 12% Cnv.Unc. '35/2000	108
- 1	(99.00 T99,57	F.P.	10/1	12	812	BristolWaterworks 11 12 Red.Deb.2004 Bournemouth Water 5% Red.Prf. 1998	104 -12
1	£99.57	£10	29/11/	11 !	107	Cambridge Water 8% Red. Prf. 1986	104
ť	§100	210	22/11	21	1012	Do. 15; Red. Deb. 2004	19:
1	99.52		6/12	107g 315g		Essex Water 8% Red. Prf. 1989 European inv. Bk. 10 % Ln. 2004.	99 507 <sub>3:</sub> + 16
2 ]	6100	£10	· — !	912	815	Folkestone Water 1112; Red. Deb. 2004	6:-
1	99,161	£30	17/1 15:3	32 A 2618	28%	intl. Bk. for Recon. & Dev. 114t, Ln. 2005	31.4 -14
ı	699,199 698,162		22/11	304	204	Lon. Shop Prop. 112: 1st Mort. Deb. 2018 Mariey 117:6 Dob. 2009.	261, 30:, —1,
3		F.P.		100 🕌	100	Nationwide 11 # 14 10 85	ial 001
1	97,006	£25	! — 1	254	2514	Slough Feet 111.0 let Mort Dan 2010	951.
S	91,976	£20 F.P.	26/10	2068	19%	Sweden 11% Ln. 2012	
_	100	· F.F.	201 IUL	,	100		110 .

"RIGHTS" OFFERS

ssue	mount ald up	Latest Renunc.	196	14	Stock	Closing	,+ or
once :	Ag	date	High	Low		음호	
87 887 38 300 \$0.90 445 220	F.P. Nil F.P. Nil Nil F.P. F.P. Nil	28/11 12/11 16/11 31/10 7/11 14/11 25/11 23/11 23/11 31/10	10½ 22pm 14pm 57 553 11 88pm 72pm 195 185 195 88pm	12pm 9pm 44 470 7 68pm 47pm 162 177	Astra Ind. 10p.  Avon Rubber 11 LRC Intn' Moggitt 5p. NatWest Bank £1 Parings Mining Units: Reckitt & Colman.  #Renishaw 5p. Becuricor Group. Do. 'A' N-V Security Services TNT ASO.50.	57 545 11 80pm 72pm 192 183 195	+4 +2 +2 +6
Ra	nuncl	etion date	uspalle	last dev	for dealing free of gramp dut	v 2-50	au ma

Renunciation date usually last day for dealing free of stemp duty. b Figures based on prospectus estimates, d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian, F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983.84. Q Gross. p Pence unless otherwise indicated. I Issued by tender. || Offered holders of ordinary shares as a "rights." \* Issued by way of capitalisation. §§ Reintroduced. N Issued in connection with reorganisation merger or takeover. E Allotment letters (or fully-paid). [I] Introduction. §§ Units of Securities Market. § Placing price. T Figures assumed, † Units comprising one ordinary share and one option.

**OPTIONS** 

Deal Declara Settle ACTIVE STOCKS Oct 22 Nov 2 Jan 24 Feb 4 Nov 5 Nov 16 Feb 7 Feb 18

For rate indications see end of
Share Information Service
Money was given for the call
Services, Eglinton Oil and Gas.
Raybeck, Kwik-Fit, Cluff Oil
Warrants, John Brown, Dobson
Park Industries, Rowntree
Mackintosh, Amstrad Consumer
Electronics, Robert Kitchen
Taylor, Davy Corporation,

Stock
Charler
Commender
Commende Nov 5 Nov 16 Feb 7 Feb 18

Lonrho, Bryson and North Kal-gurli, A put was done in Leigh Interests, while a put and a double were transacted in Eglinton Oil and Gas.

RISES AND FALLS YESTERDAY

British Funds	Rises 71	Falls 11	Sa
Corpns. Dom and Foreign Bonds Industrials	14 393	3 190	8
Financial & Props Oils	179 29 5	57 25 3	2
Mines	75 111	75 78	!
Totals	877	321	1,4

ings tion ment
Oct 19 Jan 10 Jan 21
Based on bargains recorded in
Exchange Official List.

FRIDAY'S

**ACTIVE STOCKS** 

the following stocks yesterday.

#### LONDON TRADED OPTIONS Hov. Feb. May Nov. Feb. May Oct. Jan. Apr. Oct. Jan. Apr. 36 39 1 3 17 21 3 6 7 10 11 16 98 | 105 | 115 | 1 68 | 78 | 85 | 1 30 | 50 | 57 | 1 3 | 25 | 33 | 18 14 | 13 | 18 | 67 4 5 8 10 16 19<sup>1</sup>2 30 38 72 78 54 | 67 | 72 15 | 40 | 52 2 | 24 | 32 1)<sub>2</sub> | 12 | -1 | 4 | -120 130 140 160 28 | 30 | 31 18 | 22 | 23 9 | 16 | 17 2 | 9<sup>1</sup><sub>2</sub> | 11 05<sub>4</sub> | 3 | — 58 62 — 2 40 44 50 2 22 28 34 4 9 16 22 14 5 8 11 30 | 100 | 121 | 15 | 161: 2 | 412 | 7 | 100 | 6 | 91c | 111: 51c | 8 | 11 | 110 | 21s | 61: 8 | 12 | 15 | 161s | 120 | 05; 8 | 12 | 13 | 161s | 130 | 05; 11: 4 | - | 31 | 31: 2 | - | 130 | 05; 11: 4 | - | 31 | 31: 2 | - | Grand Met. 275 24 (\*296) 280 -300 4 350 1 360 1 28 18 8 3 1 5 36 66 38 26 13 CALLS Dec. Mar. June Dec. Mar. 192 | 196 142 | 146 98 | 104 58 | 66 50 | 34 98 | --82 | --58 | --57 | 45 20 | 27 98 75 52 30 12 330 70 75 - 2 5 -360 40 48 52 5 8 12 390 14 20 26 17 22 27 45 22 10 5 70 | 75 42 | 57 25 | — 165 115 70 35 14 172 122 80 45 22 36 | 41 | 45 17 | 24 | 29 7 | 15 | 17 57 37 17 PUTS Nov. Feb. May Nov. Feb. May

Oct. 15. Total Contracts 4,342. Calls 5,557 Underlying security price.

#### FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS** Ther Oct 11 Tues Oct 9 Mon Oct 15 1984 & SUB-SECTIONS Gress Div. Yield% (ACT at 30%) 2 Building Materials (23) Metals and Metal Forming (9)
Motors (17)
Other ledustrial Materials (17)
CONSUMEE GROUP (196)
Brewers and Distiners (25)
Food Manufacturing (21)
Food Retailing (11)
Health and Household Products (9)
Leisure (23)
Newstaners, Publishing (13) Newspapers, Publishing (13).... Packaging and Paper (14)..... Other Consumer (8) ..... STHER GROUPS (86) .... OTHER Experience (4)

51   OIL (17)			1964				6.92				3 1104,45		
59 500 SHARE N	HOEX (500	<u>}</u>	586.	68 +0.3	11.	12	4.52	11.12			581.36	581.81	464.20
61 FINANCIAL	ROUP (11	8)(8	492				5.48	-	400.64		399.04		
2 Banks (6)			402.				7.28	5.85	401.B3	400.5	398.84		
3 Discount Hous		<del></del>	- 442		.   -		6.91	-	442.85 519.24				
S insurance (Life	r) (9)		- 522				5.16 6.31	<b>-</b>	289.03			519.20	
6 Insurance (Co	aposite) (6)	······································	_ 254			76	4.03	15.91	861.69	863.8		294.80	205.77 554.92
67 Insurance (Bro 58 Merchant Ban							5.23	25.74	198.10	200.3			
69 Property (54)						21	3.49	25.87	622.86				
70 Other Finance	777						6.24	10.23	250.33				225.2
72 Investment Tri			541			_	3.50		539.58	538.78		537.37	429.74
80. Mining Fisanc			267.				5.29	11.67	281.65	283.24			
91 Overseas Trad			607.			68	6.31	12.75	686.90	606.70	596.50		
99. ALL-SHARE			540			- 1	4.65	_	538.25		534.98		426.6
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			No				Low			l	i .	1	i
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<del></del>	7	<del>i-</del>					Ballie	à Geneti	-mad				
PRICE	) Han	·· Oney's	. ₩	파르	म औ	1 1	Low		5 years		11.63	11.65	9.86
粉的化芒等	Oct	change	Oct	today	1984		Conne		5 years		10.49	10.51	10.19
	15	%	12		10 date	1 3			5 years		10.10	10.11	9.90
initia deserva						1 4	Medin		5 years		11.55	11.58	11.20
1	23634	+9.32	11651	8.31	9.44	1 5	Compos		S years		16.87	18.89	11.62
1 Syears		!	1			1 6		2	5 years		10.26	10.26	20.47
2 5-15 years	128.65	+8.22	128.90	0.53	11.69	į 7	High		5 years		11.51	11.58	11.32
3 Over 15 years	_ 137.25	+0.07	158.22	1.07	11.29	. 8	Coupos		5 years		11.03	21.66	11.13
	1	1	150.67	_	2.90	9			5 years		10.37	10.37	19.55
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4 Irredecmables.	150.54		I I	!									
			127.73	9.53	10.23	ī	Debt &	ì	5 years		12.65	12.10	12.15
4 Irredeemables 5 Ali stocks	127.40	+936	127.73			12	Leass		15 years		11.99	12.19 11.95	
4 Irredecombles 5 All stocks	127.40	+936	I I	9.53 1.95	10.23 9.55		Leass						11.99
4 Irredecmables.	127.40 167.50	+9.36	127.73 148.17			12	Leass		15 years		11.99	11.95	12.15 11.99 11.91 12.52

nicial Times, Bracken House, Cannon Street, London, EC4P 46Y, price 15p, by post 28p.

. 169.65 +0.65 169.19 6.20 2.44 15 inflation rate

61 FINANCIAL GROUP (116). 62 Banks (6)

remark to the

**BRITISH FUNDS** 

"Shorts" (Lives up to Five Years)

"Shorts" (Lives up

105-101 | Tress 15pc 1985 |
1024-130 | Each 12pc Cm. 755 |
96 | 93 | Tress 30 1985 |
1029 | 94 | Tress 11-12pc 1985 |
1029 | 94 | Tress 11-12pc 1985 |
1042 | 94 | Tress 11-12pc 1985 |
1043 | 99 | Each 12-12pc 1985 |
1044 | 94 | Tress 110cCm 1986 |
1044 | 94 | Tress 110cCm 1986 |
1046 | 94 | Tress 110cCm 1986 |
1046 | 94 | Tress 12pc 1986 |
1076 | 106 | Each 14pc 1986 |
1076 | 1076 | Each 14pc 1986 |
1076 | 1076 | Each 14pc 1987 |
1086 | 94 | Tress 104-196 |
1076 | 97 | Tress 119c 196 |
1076 | 97 | Tress 119c 196 |
1076 | 98 | Tress 119c 196 |

Over Fifteen Years

INT. BANK AND O'SEAS **GOVT STERLING ISSUES** 

**CORPORATION LOANS** 

**COMMONWEALTH AND** AFRICAN LOANS

> LOANS **Building Societies**

FOREIGN BONDS & RAILS

Price + or Div % Red.

## FT LONDON SHARE INFORMATION SERVICE

NFORMATION SERVICE

COOKERS INC.

COOKERS IN ENGINEERING—Continued · INDUSTRIALS (Miscel.) DRAPERY & STORES—Cont. **AMERICANS** BEERS, WINES—Cont. Price + or Bir Ytd 1984 £ - Gress Carl Gr's High Low 1984 High Law Stock | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 TO Five Years)

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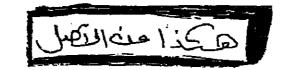
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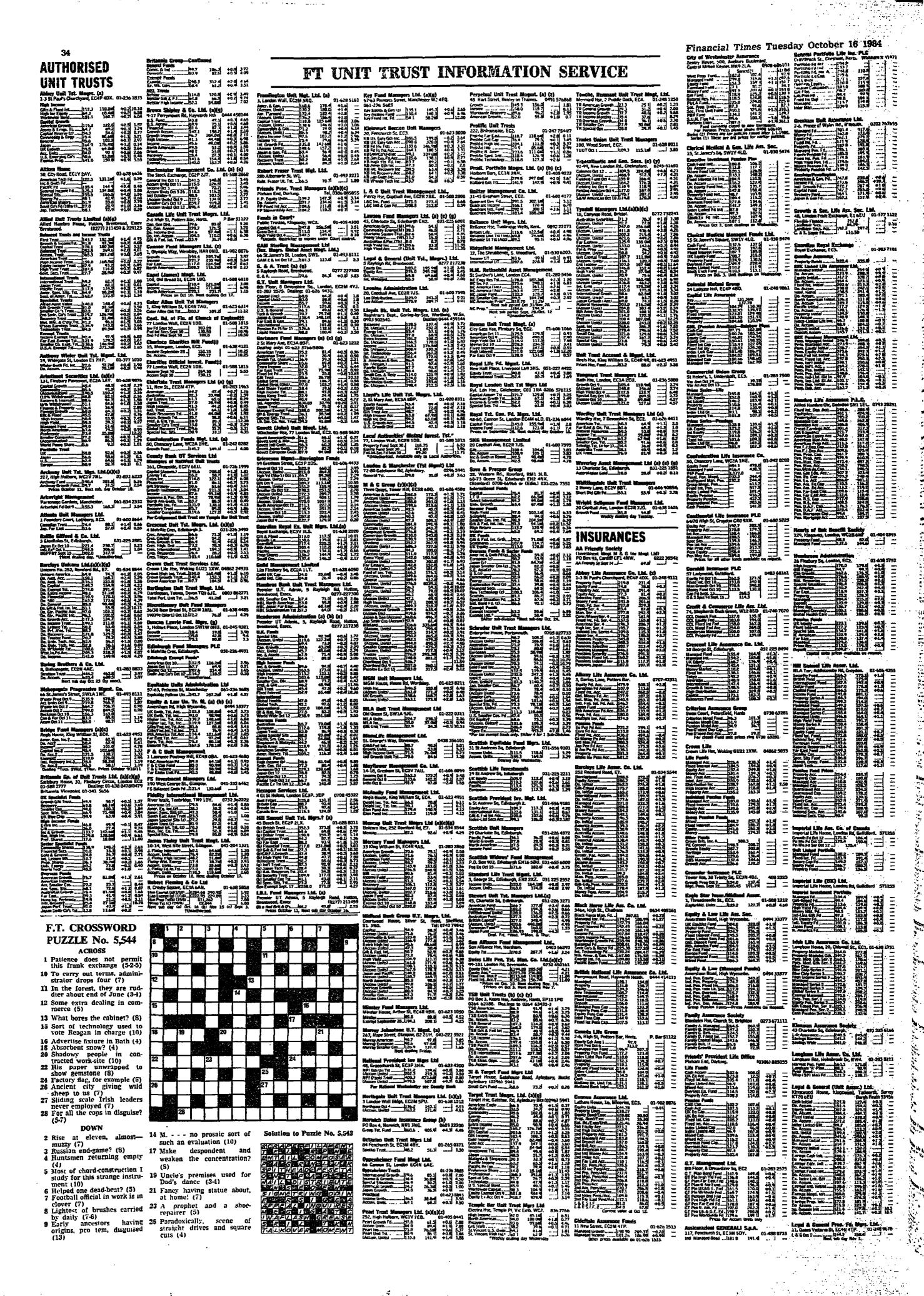
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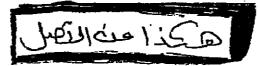


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BY OUR COMMODITIES STAFF

TIN PRICES on the London Metal Exchange moved up strongly yesterday wiping out the fall which trimmed values late last week.

The cash standard tin price. which, in spite of a £122.50 fall over Thursday and Friday, ended last week £170 up, gained another £172.50 yesterday to finish at £9,715 a tonne. Dealers said factors behind

the rise included the renewed weakness of sterling against the dollar, purchases on behalf of the International Tin Council buffer stock and a further fall ouner stock and a further land in LME warehouse stocks.
Steadiness in the lead market was encouraged by the large fall which trimmed stocks to their

lowest level since September News of a tentative labour settlement at Ford Motor Com-pany in the U.S. lent further

support and cash lead ended the encouraged by sterling's weak-day £4.75 up at £342.50 a tonne. ness, before closing £65 up on

#### LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes in	week ending Oct. 12)
Aluminium	-2,775 to 138,775
Copper	+1,825 to 162,125
Lead	-5,075 to 44,950
Nickel	-2,700 to 12,822
Tim	-685 to 25,035
Zinc	-2,275 to 36,975
	(*c=ner)

+704.000 to 54.72m (troy ounces)

fall in LME stocks once again the big factor. The cash price ended the day £10 higher at £342,50 a tonne. Last week's fail took the stocks level to its lowest since 1975, dealers noted.

The LME nickel price rose to Zinc was also strong with a the day at £3,922,50 a tonne.

reaches the forecast 640m kilos

that high internal demand may

limit the export figure to 200m. Crop reports up to the end

in output of a little over 50m

a kilo but medium was up 7p to

Grains Barley Fut. Jan. £110.65 —0.15£107.80

+5 \$580

-20 8650 8248.5

325p and low-medium

Seeds Copra Phil ...... \$700w Soyabean(U.S.) \$257

Meize Whest Fut Jan. £1 10,50 No2 Hard Wint. ‡

# Unquoted. x Nov. v Sept-Oct. y Oct-Nov. flask. • Ghana cocca. c Canta per pound.

**GAS OIL FUTURES** 

8 U.S.

Turnover: 4,660 (3,844) (ats of 100

LONDON FUTURES

. 542,80 42,90 - 2,56 546,8b 42,80

Yest'day's + or | Business close | Done

#### Calcutta tea prices rising

BY P. C. MAHANTI IN CALCUTTA

TEA PRICES are rising again rising to 438m-440m kilos this in Calcutta, India's biggest tea year. If they are right the auction centre, which acts as a supply position in the country barometer for tea price trends will remain tight even if output all over the country. At auctions there last week, India plans to limit exports prices advanced by Rs 1 to Rs 2 to 215m kilos but traders fear

taking the average to Rs 32 per Hitherto restrictions imposed on tea exports five weeks earlier of August indicate an increase tic prices had been having the kilos in the first eight months desired effect and auction quotes of 1984 to 389.4m kilos.

desired effect and auction quotes of 1984 to 389.4m kilos. had slipped between Rs 5 and At yesterday's London auc-Rs 8 to Rs 29-Rs 30 by the end tion quality tea fell 10p to 350p Latest trade assessments, how-

#### Australia in 10m tonne wheat deal By Tony Walker in Cairo

AUSTRALIA and Egypt have concluded a wheat agreement under which Australia will supply 10m tonnes of wheat over the next five years.

In another agreement, the two sides signed a contract for wheat shipments totalling 2m tonnes in 1985, the same amount as this year. Under this contract, the exact

details of which have not been made public, Egypt is paying for next year's wheat shipments over three years at concession-ary rates of interest. Australia has also agreed to

Provide technical assistance to Egyptian flour-milling and storage workers and supply some storage and milling equipment. Egypt is expected to impor-

more than 6m tonnes of grain this year. About 2.4m tonnes will come from the U.S. in the form of commercial sales and shipments under the food assistance PL 480 programme. Canada will supply about im tonnes, and the rest will come from Europe, mostly from France.

Together with China, Egypt is Australia's most important wheat export market. The five-year agreement follows a three-year agreement which expires this year.

Australia will export about 16m tonnes of wheat this year and is expected to have about the same amount available for export next year.

● India is likely to export about 2m tonnes of wheat to the Soviet Union following a record hervest, the Statesman newspaper reported.

India's food grain production rose 19 per cent in 1983-84, ending March 31, to total 151.5m tonnes.

Andrew Gowers on discontent with the Milk Marketing Board

## Dairymen stand up to Big Brother

The trade, comprising com-panies ranging from small local co-operatives to large manufacturers and distributors such as Unigate and Express, is spoiling for a fight.

The cause of the discontent is the Milk Marketing Board, the huge statutory organisation representing dairy farmers in England and Wales and monopoly supplier of milk to the trade, whether for doorstep delivery or for processing into cheese, butter or other products.

The MMB handles some 13.6bn litres of milk a year, and in 1983-84 returned earnings of nearly £2bn to milk producers. Creamery and dairy managers have long been unhappy at hav-ing to work opposite, and buy exclusively from, such a powerful operator. Their grievances have been coming to a head at an increasing rate since the late 1970s.

It is partly a question consultation. At present the Dairy Trade Federation (DTF) has no legal right to initiate changes in the Milk Marketing Scheme, under which the MMB has operated since 1933, nor any say in other matters which might affect its members, apart from the single issue of the

a dairy price rise next year of 5 per cent—in spite of the continuing dairy surplus production in the European Com-

future, have brought home to the dairy companies that they need more clout within the industry. Paradoxically, however, they believe that the balance of power has tilted fur-

ther towards the board.
Recent changes cited by industry executives include: The prospect of heightened competition from abroad with the advent of UHT milk imports and the possibility that Britain may be forced one day to open its market even to pasteurised milk imports.

The end, at the insistence of

the Government under strong pressure from Brussels, of the MMB's former dual pricing system of milk for butter, which many people believed gave British manufacturers of packet butter a strong advantage over their foreign competitors.

The arrival of EEC milk quotas. Among other effects, they have given the board another theoretical trump card to control the flow of milk.

Government.

The most far-reaching deve lopment, as far as the dairy trade is concerned, was the purchase by the MMB of 16 unprofitable butter and cheese-making creameries from

REPORTS that European Com- lagriculture officials still in- a major—and surprisingly—mission officials will recommend volved in making the necessary recommendation from the EEC a dairy price rise next year of calculations about present sup-

ply and demand, and proposals will be made to the Commission

EEC dismisses milk price forecast as premature

Overnight, this transformed the organisation from a monopoly milk supplier which also undertook some processing into a major force in the industry.

Dairy Crest, now handles more than one-third of all the milk produced in England and Wales.

at arm's length by the Milk Marketing Board, whose executives protest vigorously that it is an entirely separate However, its accounts are somewhat obscure and insuffi-cient to dispel suspicions

cient to dispel suspicions harboured by dairy companies that it in fact draws enormous benefits from close links with the board. The independent dairies feel

so strongly about the issue that they commissioned a study of Dairy Crest and the board by a well-known firm of auditors. They note that the Board does • The imminent decoutrol of not have to pay any tax, it has liquid milk prices by the relatively easy access to capital

(either by levying dairy farmers or using leasing arrangements), and most importantly they believe Dairy Crest is not obliged to make a profit on the same basis as the other commercial

YOU CAN almost hear the sabres rattling in Britain's ments, both in the past few dairy industry these days.

The trade comprising come future, have brought home to Overnight, this transformed Transf high a price for the milk it produces as do other companies. This was a situation which

the companies could tolerate as long as Dairy Crest was what they call a "residual manufucturer," a company whose creameries processed excess milk into so-called "sink products" such as butter and skimmed milk powder. What has ruffled their feathers is the emergence of Dairy Crest as a competitor in their markets

their markets, especially those for higher value-added products.
"That is absolutely contrary to the intention of the original scheme and to the usual com-petitive process," fumed one

indignant manager.

"We've got to the point where we really think we can't go on like this any more."

The dairy companies want more sny for themselves and for the independent arbitrartor who mediates between them and the

board on prices. board on prices.

If the gloves come off in this fight, it might even throw the whole controversial issue of Britain's unique milk marketing arrangements open to wider review—and under the ever-watchful eye of the European

"No figures have yet been

put forward," a Commission official said last night, "These

dividual services would like to

see, but nothing has been formalised. They are still pre-

paring their analyses on the state of the market so it is very

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GOLD 100 troy oz, \$/troy oz

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PLATINUM 50 troy oz. \$/troy oz

Low 77.70 78.85 80.04 79.70 77.05 75.20

68.75 67.00 68.00

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HEATING OIL

42.000 U.S. gallons

COTTON 50,000 lb, cents/kb

CRIADE OIL (LIGHT) 42,000 U.S. galions,

## Russian sugar beet harvest

SOVIET COMMUNIST PARTY daily newspaper, Pravda, criticised sugar beet farms in the Ukraine, Belorussia and Kazakhstan for taking teo long over this year's harvest.

said.

AUSTRALIA'S Council of
Wool Buyers, said slightly
stronger demand bolstered by
increased Soviet buying is

expected at this week's wool auctions in Melbourne and Fremantle. In its weekly market preview.

About 98,700 bales will be offered in Melbourne on Tues-

and Thursday.

FLORIDA'S Department of Agriculture said a mite that kills immature honeybees has been found in the state, threat-

6m tonnes of fertilizer in the year ending March 31, 1985, up from 2.67m last year and a high of 5.1m in 1980/81, a G GRANA's Cocoal Marketing Board said final purchases for the 1984 mid-crop totalled 5,216

#### ever, see internal consumption unchanged at 280p. **PRICE CHANGES**

**LONDON OIL** 

Latest + or —

PRODUCTS—North West Europe "cif" (\$ per tonne

**GOLD MARKETS** 

Gold fell \$3 an ounce from

Gold fell \$3 an ounce from Friday's close in the London bullion market yesterday to finish at \$338j-338. The metal opened at \$339-339j and traded between a high of \$339j-339j and a low of \$337j-338j. The weaker trend reflected the dollar's firmer

trend.

In Paris the 124-kilo bar was fixed at FFr 104,500 per kilo (\$337.51 per ounce) in the afternoon compared with FFr 104,700

(\$338.19) in the morning and FFr 103,500 (\$337.36) on Friday

In Frankfurt the 121-kilo bar was fixed at DM 34,235 per kilo

(\$338.96 per ounce) against DM 33,650 (\$337.18) previously

SPOT PRICES

£1100 £1100 \$1950/1086 + 10 \$1080/110

#### **BRITISH COMMODITY PRICES**

a Mkt 213:2350 2116240 No. Raru Will.

ladium cz. \$139.26 -1.25 \$135.00 Other Commodities Coca ship'rt'. \$1951 288.231 50 Coca COPPER

Cash 1037.5 +5.5 1040.5 |-0.5 8 months 1051.2 +8.25 1065.5 +4.1.0 Settlem 1 1037.5 +3.5 | Cathod as 1038.5 +3.25 | 1041.2 |-1.5 3 months 1058.9 |+5.8 1060.5 | 0.25 |

Cash 1058.9 |+5.8 1060.5 | 0.25 | deal 1038-5 +5.25 1041-2 -1.5 1058-9 +5.0 1060,5-1 0.25 mt. 1039 +5.0 Amalgamated Metal Trading reported The gas oil market moved higher during the morning on short-covering but a weak opening in New York put increasing pressure on London during the afternoon. Ranewed short-covering before the close lifted prices off the loss recent Premise Man.

and closed at \$338}-339 from ounce equivalent of the 124-kilo LEAD bar was \$338.30 from \$338.0. In Zurich gold finished at \$338}-339 from \$340}-341\frac{1}{2}.

Lead—Morning: Three months £345.5, £345. Karb: Three months £345. Afternoon: Three months £345. 45.5, £346, 47. 47.5, 47.75, 48.5 Turnover: 11,950 tonnes. U.S. apot: 22.0-25.0 conts per pound.

ZINC Turnover: 130 (184) lots of 100 tray ounces. \$3381<sub>7</sub> 356 (£280 2601<sub>8</sub>) \$3411<sub>8</sub>-342 (£2761<sub>8</sub>-279) \$359 3591<sub>2</sub> (£2761<sub>8</sub> 2791<sub>4</sub>) \$3571<sub>4</sub>-3571<sub>4</sub> (£2751<sub>4</sub>-2761<sub>4</sub>) \$458.25 (£278.693) \$337.90 (£275.910) \$338.95 (£279.998) \$338.90 (£275.910)

Gold and Platinum Coins Oct. 15 (£1881-8881/King 50v \$81.821 (£671-6814) (£1491-1493/Victoris 50v \$81.821 (£671-6814) (£76-7619) French 30s \$635-581 (£671-6814) (£31.3119) TO Pesce Mex\$48019-422(£348-34919) (£266-6612) \$0 Engles \$515.535 (£271-9375) (£66-6612) SO Engles \$515.535 (£4264-44234) Noble (Plat.) \$3343-33819(£277-28014)

#### MEAT/FISH

Imported Produce: Oranges—Qutagen: 8.20-9.20. Tangerines—Spania: Italian: large trays 4.00-5.00; 1 kg punctiousellines 7.00-8.00. Lamons—Spania: Irollan: large trays 4.00-5.00; 1 kg punctions 7.00-8.00. Lamons—Spania: Irollan: large trays 4.00-5.00; 1 kg punctions 7.00-8.00. Lamons—French: Gage 2.00-2.20; Italian: page 2.00-2.50; 15 kg 5.00-6.80; Uruguayan: 2 President 4.20-5.00; Spanish: 5 kg 9.00-5.00; Lamons—French: Gage 2.00-2.20; Italian: 15 kg box new crop 5.50; Grapes—Italian: Italia 2.40-3.00. Wine Cyprus: approx 9 kg 4.00-5.00. Grapes—Italian: Italia 2.40-3.00. Wine Cyprus: approx 9 kg 4.00-5.00. Grapes—Italian: Italia 2.40-3.00. Wine 1.00-15.00; Spanish: 5 kg, Almena 1.00-2.40. Napolacon 2.40-2.80; Italian: 58.70.5, 64 6.90, 72 8.50. Odda 60p less. Uruguayan: 16 kg 7.07-7.50; U.S.: Ruby 10.00-10-50; Culpan: 4.40-4.80. Ruby 8.00-9.00. Strawberries—per punnet 7.00-8.00; Dominican: 6.00-7.00; Jaffs: South Airican: 0.90-0.70. Fresh Figs—French: Golden Delicious, carton 5.20-50; dried Figs. Turkish, layer, x48 6.00. Starkrimson carton 5.60-2.00, 1 (2010) Pomegranates—Spanish 10 kg 2.00-2.50; Italian: Spanish; William's 3.20-3.50; Italian: Spanish; William's 3.20-3.50; Italian: United Figs. Turkish, layer, x48 6.00. Starkrimson carton 5.60-2.00, 1 (2010) Pomegranates—Spanish 10 kg 4.00-4.50. Nuts—Bazalis medium per ib 0.50, Filbert 0.50-0.52, Almond 5.50-8.00, carton 3.60-3.70. Pears—per ib 0.50, Filbert 0.50-0.52, Almond 5.50-8.00. William's 3.20-3.50; United Figs. Turkish, layer, x48 4.00-4.04, William's 3.20-3.50; United Figs. Turkish, layer, x48 4.00-4.04,

#### BASE METALS

Base Metal Prices gained ground on the London Metal Exchange reflecting the decline in sterling against the dollar Tin advanced (2.670, boosted by cur-Tin advanced £9.670, boosted by currency considerations, short-covering and support from the buffer stock, while Nickel rose to a record £4,020 before closing the afternoon kerb at £3.932.5. Aluminium touched £338.5 prior to ending the day at £935.75, helped by the stocks decline. Lead moved up to £348.6, boosted by a sizeable fall in warehouse stocks. Copper was restrained by the rise in LME stocks but the fall in senting enabled forward metal to close on a steady note at £1,067.

High Grose £ £ £

Amaigamated Metal Trading reported that in the morning three months higher grade traind at £1.061.5, 50, cash £1.036.5, 37, three months £1.060, £2.5, 50, 80.5, 61. 61. Cathodes: Cash £1.038, Serb: Higher Grade: Three months £1.061.61.5, 62. Afternoon: Higher Grade: Three months £1.062.5, 62, 62.063, 63. Kerb: Higher Grade: Three months £1.063, 64, 65, 65.5, 65, 66, 66.5, 65.

TIN a.m. + or; p.m. + or TIN | Official; — Unofficial — t 

Tin — Morning: Standard: Three months £9,600, 10, 15, 20, 30, 31, 30, cs.h £3,720, three months £9,640, 45, 50, 45, 40, 35, 40, High Grade: Cash £9,780, Kerb: Standard: Three months £9,650, Afternoon: Standard: Three months £9,670, cs.sh £9,715, three months £9,675, 72, 70, 68, Kerb: Standard: Three months £9,680. LEAD Official - Unofficial -1

ZINC Official — Unofficial —

Zinc—High Grade official/unofficial prices: Cesh em 680-690 pm 690-700. Three months am 670-68 pm 665-8 settlement690.
Zinc—Moreling: Three months £619, 18, £610, 19, Kerb: Three months £619, 18, Atternoon. Three months £619, 5620, 21, 22, 21,5. Kerb: Three months £622, 21,5, 31.
Turnover: 5,575 tonnes, U.S. Prime Western: 45,045 The center and control of the center of the cent 21.5, 31. Turnover: 9,575 tonnes, U.S. Prime Western: 45,0-45.75 cents per pound. ALUMINIUM

a.m. tor p.m tor Official - Unofficial -1

2 £ £ £ £ 815.5-14.5+14.5 812-5 +18.6 836.5 +14.5 824.5-6 +1.25 

NICKEL

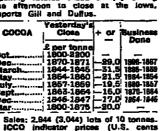
## SILVER

Silver was fixed 14p an ounce higher for spot delivery in the London bullion market yesterday at 594.3p. U.S. cent equivalents of the fixing lavels wert: spot 721.5c. up 8.9c: three-month 740.5c. up 8.9c: six-month 750.4c. up 8.5c; end 12-month 803.4c. up 8.1c. The meant opened at 594-5979 (722-725c) and closed at 595-596p (713-722c).

Suffice + or LM.E + or fixing p.m. Unoffiel Spot ...... 594,50p +14.0 595p 1 +0.5 3 months,609,80p +14.4 610,5p |+8.56 LME — (2,000 oz contract): Cash 595p (594.5p): three months 610.5p (609.95p). Turnover: 0 (0). Turnover: 74 (80) lots of 10,000 ozs.

#### ning: Large 2nd ring cash 596, a months 811.5. Kerb: large three COCOA

Although a little steedlar on the opening futures eased sharply during the afternoon to close at the lows, reports Gill and Duffus.



Sales: 2,944 (3,044) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Oct 15:: 100.02 (102.78); five-day average for Oct 16: 102.27 (102.79). COFFEE

A steadier New York close and continued dollar strength prompted a firm opening, raports Drakel Burnham Lambert, Further short-covering in near November again influenced a sharp rise. However the advance in other contracts was dampened by scale-up commission house selling. Additional gains were registered during the afternoon as previous resistance levels were penetrated by trade buying. COFFEE Yesterd'ys + or Business

+61,0,2485 40 ¥ +45,5,2340-00 +27,5,3245-30 +28,02230-95 +27,0,2194-82 +28,5,2194-78 +86,5,2181-68 Sales: 3,665 (2,385) lots of 15 tonnes. ICO Indicator prices (U.S. cents per pound) for October 12: Comp. daily 1379 135.34 (135.31); 15-day average 136.32 (136.57).

The markets remained very quiet in a narrow range with switch trading prominent, reports Muirpace.

WHEAT BARLEY Mov... 106.85 -0.30 107.15 Jan... 110.60 - 110.65 Mar... 115.65 -0.10 113.60 May... 117.00 -0.25 116.20 July... 118.80 -0.16 -Sept... 98.25 - 97.50 +0.05 97.50 +0.16 Business done—Wheat: Nov 106.65-6.50, Jan 110.60-10.50, March 113.65 only, May 117.25-7.00, July and Sept untraded. Sales 125 lots of 100 tonnes. Barley: Nov 107.15 only, Jan 110.55 only, March 113.55 only, May untraded, Sapt 57.50 only. Sales 57 lots of 100 tonnes.

Sept 57.50 only. Sales 57 lots of 100 tonnes.

LONDON GRAINS—Wheat: CWRS No. 1 13½ per cent ex-origin transshipment Oct 185.50. U.S. dark northern spring No. 1 15 per cent Nov 155, kelf Nov/helf Dec 157.25, Dec 158. Jan 162.50, Feb 164.50 transhipment East Coast. U.S. No. 2 soft red winter Nov 142.50, Dec 143.25, Jan 144.75, Feb 145, March 145.75. English feed tob April/June 118.25. Bartey-English feed tob April/June 118.25. Bartey-English feed tob Nov 110.00 saller Peterhead. Reat uncuoted.

HGCA—Locational ex-farm spot prices. Feed bariey: Eastern 102.20, Scotland 100.50. The UK monetary coefficient for the week beginning Monday, October 22 (based on HGCA calculations using four days' exchange rates). Is expected to remain unchanged.

#### **PIGMEAT**

Futures prices came under pressure due to the fell in physical prices on Friday and commission house selling during the raoming. However, good support emerged at the lower levels, reports CCST Commodities.

## POTATOES

i 2 per tonne 385-1 mg 54.80 55.95 54.50 63.80 94.50 84.6 75.60 78.56 74.9 81.70 82.50 18.0 76.50 76.00 75.0 Nov..... 54.70 Feb .... 64.00 April... 76.30 May .... 82.50 Nov.... 75.00 Sales: 526 (555) lots of 40 tonner

## RUBBER

pHYSICALS—The London market opened unchanged, attracted little interest throughout the day and closed dufl, reported Lewis and Peat. Closing pricas (buyers): Spot 60.00p (same). Nov 73.00p (same), Dec 73.25p (73.00p). The Kuala Lumpur Mov fob price for RSS No. 1 was 205.5 (207.75) cents a kg and for SMR 20 was 188.5 (188.5). cents a kg and for SMR 20 was 188.5 (188.5).
FLITURES—Closa (buyer, seller, business). RSS No 1. £ per tonne. Nov 590, 600; Dec 600, 510; Jan 610, 620; Feb 620, 630; March 630, 640; April 640, 650; May 650, 690, 1906 500, 670, 6804 1985 Jan/March 620, 630 (all untraded): 1965 April/June 650, 650, 650; 1985 July/Sept 680, 690, untraded. Sales: 0 (0) lots 1 5 tonnes, 5 (5) lots of 15 tonnes.

## SOYABEAN MEAL

The market opened £1 higher in quiet conditions, reports T. G. Roddick. During the afternoon commission house buying against little selling interest pushed prices higher. Sales: 98 (39) lots of 20 tonnes, 68 (162) lots of 100 tonnes.

SUGAR LONDON DAILY SUGAR—Raw sugar \$123.50 (£102.00), down \$5.00 (down 3.00), a tonne for Oct-Nov delivery. White sugar \$174.50, down \$2.50.

5 per tornne 142.69.45.60.145.09-44.00.145.59.41.50 153.60-59.80.155.69-54.00.190.00 57.60. 165.21.55.40.168.20.55.60.195.40 65.50 1775.40-76.60.1776.00-76.40 175.20-76.40 165.69-40.01.184.20.50.00.184.00.22.80 1790.00.21.60.191.00-84.60.134.20 208.00-07.00.227.60-08.00 Sales: No. 6 1,766 (3,141) lots of 50

munity—were dismissed in The report, published by of 3 per cent in the support see, but prices for both beef and cereals, informed agricultural news.

The annual price fixing proletter, said that the 5 per cent cereals well short of the level state of the cess is only just beginning, with price rise was "likely to be indicated by present over-pro-

income experts."

570.0-568.0; Dac \$66.5, 568.0, 567.5; March 580.0, 581.5, untraded; May 584.5, 585.0, 585.0; July 590.0, 595.0, 590.0; Oct 581.0, 586.0, u/t; Dac 585.0, 590.0, 586.50 March 592.0, 600.00, u/t. LONDON NEW ZEALAND BREOS-Close (in order: buyer, saller, business). New Zealend cents per kg. Dec 511, 515, 512; Jan 514, 517, 515-512; March 520, 523, 524-521; May 529, 530, 530-527; Aug 541, 542, 543-539; Oct 544, 546, 545-542; Dec 545, 546, 545-5452; Jan 546, 548, 546-54; March 552, 536, 555-5. Sales: 153.

The report also suggested

that they would propose a cut

## **TEA AUCTION**

LONDON TEA AUCTION-26,966 packages were on offer, including 400 packages in the offshore section. The larger weight of Assems on offer was quite well supported but apart from selected best, which held values, the majority were generally 10-15p easier. Cofoury Bangladesh teas ruled firm but others lost ground, with plainer types others lost ground, with plainer types neglected. Selected bright liquoring East Africans remained steady but mediums were irregular and sometimes to lower. Central African CTCs were a firm feature apart from plainest sorts which eased. Quality Ceylons sold well but plainor sorts tended lower. Quotations: Quality 350p a kg (360p), medium 325p a kg (318p), low medium 280p s kg (280p).

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets.

GB—Cartle 35.43p per kg lw (+0.09).

GB—Sheep 151.85p per kg est dew
(-2.11). GB—Pigs 92.20p per kg hv
(-0.52).

SMITHFIELD—Pence per pound. Beef:
Scotch Lilled sides 77.0 to 83.0; Ulster
hindquerters 88.0 to 90.0, forequerters
84.0 to 57.0; Eire hindquarters 89.0 to
91.0. Veal: Dutch hinds and ends 125.0
to 130.0. Lamb: English small 68.0 to
72.0, medium 86.0 to 68.0, heavy 64.0
to 66.0; Scotch medium 84.5 to 66.5,
heavy 63.0 to 65.0; Imported: New
Zealend PL 67.04 to 68.0, PX 82.0 to
52.5, YL 64.5 to 66.5. Pork: English
under 100 lb 55.0 to 65.0, 100-120 b
59.5 to 63.5, 120-160 lb 50.0 to 58.0.

COVENT GARDEN—Prices for the
bulk of produce, in sterling per package
unless otherwise stated. English
produce: Apples—Per pound. Cox's
0.14.0.22, Bramley 0.10-0.12, Russets

INDICES FINANCIAL TIMES Oct. 12 Oct. 11 M th ago Year ago 290,81, 289,17 292,13 290,15 (Bese: July 1 1952 - 100) REUTERS Oct. 15,Oct. 12 M'th ago Yearago 1885,1 1885.0 1854,0 1908.0 DOW JONES Dow Oct. Oct. Month Year Jones 10 9 ago ago Spot 125.37 123.04 128.05 140.27 Fut 125.00 124.52 127.14 147.15 (Base: December 31 1974 - 100) MOODY'S Oct 10 Oct 9 Mith ago Yearago 957.9 956.9 993.6 1051.5 (Base: December 31 1931 = 100)

0.17-0.22. Worcester Pearmain 0.12-0.16. Spartsn 0.12-0.16. Charles Ross 0.12-0.15. Pears—Per pound, Conference 0.10-0.16. Comics 0.16-0.20. Plums—12 lb, Wyedale 2.00-2.20. Raspherries—i, lb 0.40-0.50. Strawberries—i, lb 0.40-0.60. Potatoes—Per bag 56 lb, whites 2.30-2.50. King Edwards 3.00-3.20. Bakers 6.00-5.50. Mushrooms—Per pound, open 0.50-0.60. bag \$6 lb, whites 2.30-2.50, King Edwards 3.00-3.20, Bakers 6.00-6.50, Mushrooms-Per pound, open 0.50-0.60, Mushrooms-Per pound 0.71-20, Cos dozen 1.40-1.50, Mushrooms-Per poun

# 'too slow'

It said harvest progress in these regions, the main beet producing areas, fluctuated widely from one area to the next with many farms "tolerat-ing a slow harvest pace." MALAYSIA'S palm oil production is expected to increase to about 3.5m tonnes this year from 3m in 1983, Mr Paul Leong Primary Industries Minister

the council said Soviet buyers are looking for average Merino fleeces of 1 per cent vegetable fault or less. day, Wednesday and Thursday, and Fremantle on Wednesday

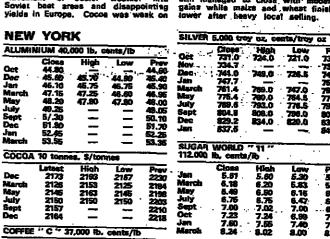
ening its \$15m (£10.7m) honey industry. • INDIA will import a record

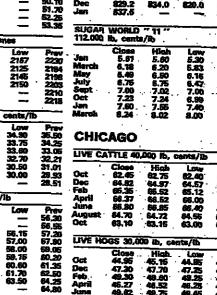
tonnes, compared with 1,869 tonnes last year.

• U.S. roastings of green coffee in the week ended October 6 were about 375,000 (60-kilo)

#### AMERICAN MARKETS.

modrites. Copper showed modest losses on selling linked to a build-up in London Metal Exchange stocks. Aluminium firmed on raports of better cash interest. Suger ralited on good commission house buying on the movement of cooler weather into Soviez best areas and disappointing yields in Europe. Cocoa was weak on



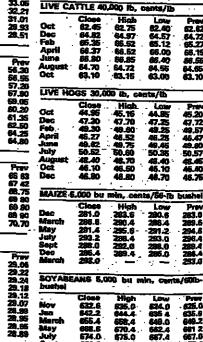


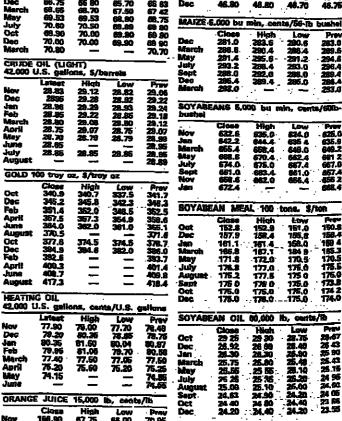
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MEY MA

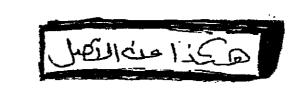
BBANK FIX

4.1





Close 29 25 26 32 26.30 25.75 28.56 76 26 25.06 24.63 24.63 24.40 WHEAT 5,000 bu min, cents/60th SPOT PRICES Chicago looss land 32.00 (same) cents per pound Handy and Harmen silver, bullen 722.0 (725.0) cents ope troy ounce. New York tin 527.0-49.0 (536.0-49.0) cents per



Financial Times Tuesday October 16 1984

### CURRENCIES, MONEY and CAPITAL MARKETS

was little indication of any intervention outside the fixing.

After early short covering pushed the dollar firmer, it

passed the dutar friner, it retreated from the morning's highs of prifit taking. The absence of aggressive central bank intervention was significant

in that it underlined the dollar's appreciation as a trend reflecting recent economic statistics rather than a disorderly and speculative

Swiss franc was firmer however at DM 1.2196 from DM 1.2184. Within the EMS the French franc improved to DM 32.625 from DM 32.610 per FFr 100.

INDEX
(Bank of England)

8.30 2m ..... 9.90 2m ..... 10.00 am .....

#### FOREIGN EXCHANGES

## Dollar at record highs

streagth. strength.

Demand for the U.S. unit followed Friday's U.S. economic statistics which showed a fall in wholesade prices, indicating reduced inflationary pressure, and a rise in U.S. retail sales which suprement further states. and a rise in U.S. retail sales which suggested further economic growth. This most favourable combination and the steady manner in which the dollar reached record closing levels, reduced market fears of further central bank intervention. Given the dollars strong fundamental

The Res

steering wheel.

The doller rose to an 114 year closing high against the D-mark at DM 3.1410 from DM 3.1060.

Last month it touched a trading German D-Mark Franc Belgian Franc D-Mark Franc Belgian Franc D-Mark Franc Boulder DM 3.1765 but finished below DM 3.10 at the close that the below DM 3.10 at the below DM 3.10 at the close that the below DM 3.10 at the below DM 3.10 at the below DM its best closing level for 71 years and Y249.0 from Y247.70, its best

The dollar moved to record closing high against several major currencies yesterday in a manner showing a strict contrast to the disorderly surge experienced last, month when the dollar's rapid rise to record trading levels prompted aggressive central bank intervention. Trading yesterday was much more civilised and tended to reflect the dollar's underlying strength.

Closing level since December index to 75.9, its lowest level since 1976, Against the dollar since 1976, Against the dollar in index to 75.9, its lowest level since 1976, Against the dollar index to 75.9, its lowest level since 1976, Against the dollar index to 75.9, its lowest level since 1976, Against the dollar in dollar index to 75.9, its lowest level since 1976, Against the dollar in touched an all time trading in touched an all time trading low of \$1.2060 before closing at a record closing low of \$1.2065 on Friday. Against the D-mark it fell to DM 3.7925 from DM 3.8175 and SWFr 3.1325, It was also lower against the yen at Y300.75 from Y303.75 and FFr 11.53 from FFr 11.5750.

STERLING—Trading range against the dollar in 1984 is 14905 to 1.2085. September average 1.2592, Trade weighted index 75.9 from 79.9 six months

Sherling lost ground on news

D-MARK—Trading range against the dollar in 1984 is 3.1410 against 2.5535. September average 3.0235. Trade weighted index 119.8 against 127.0 six months ago. months ago.

of a reduction in oil prices by the Norwegian state owned oil company. Previously prices had been based on BNOC tariffs. This furt, up from DM 3.1066 on combined with the dollar's settling's \$13.45m at the fixing but there The dollar was fixed at DM 3.1379 against the D-mark

the dollar's strong fundamental base, the use of central bank reserves seemed only likely to set as a brake rather than a steering wheel.

EMS EUROPEAN CURRENCY UNIT RATES

Currency % change steering wheel. 45,2418 8.08603 2.24033 6.88874 2.52532 0.720938

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times. POUND SPOT-FORWARD AGAINST POUND DOLLAR SPOT-FORWARD AGAINST DOLLAR Oct 15

OTHER CURRENCIES

26,55,26,86 77,30,78,20 13,66,13,50 11,59-11,71 5,78-3,62 2530,2355 301,804 4,264,4,304 196,310,94 196,323 2074,2164 10,60-10,71 5,10,5,13 1,80,1,82 250-261

England Guaranty Index Changes

**CURRENCY MOVEMENTS** 

Morgan Guaranty changes: everage 1960-1962=100. Bank of England Index (base average 1975=100).

EXCHANGE		TES :	•	And the apparent of			er en	:		
Oct. 18	Pound Striing			m'ki J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	talian Lira	Canada Dolla	r Belgian Franc
Pound Sterling U.S. Dollar	6,827	1.209	5.793 8.141	800.8 249.0	11.53 9.633	3.113 2.578	4.278 3.540	2337. 1934.	1.600 1.324	75,73 63.45
Deutschemark Japanese Yan 1,000	0.264 5.525	D.319 4.018	18.61	79,30 1000,	3,040 38,34	0.821 10.36	1,128 14,32	616.2 7771.	0,422 5,318	20.23 255,1
French Franc 10 Swiss Franc	0.867 0.821	1,046 0,386	3,289 1,218	260,8 96,63	10. 3,704	2.699 1,	8.710 1.374	2027. 750,8	1,387 0,514	66.54 24.65
Dutch Gulider Italian Line 1,000	0.254 0.428	0.283 0.517	0.887 1.623	70.31 128,7	2,695 4,934	0.728 1,332	1.830	546.3 1000.	0.374 0,684	17.94 32.83
	<del></del>		<del></del> -			· <del></del>			· <del></del>	

Canadian Dollar 0.625 0.756 2.371 188.0 7.209 1.946 2.674 1461 1.503 1.575 4.943 392.0 15.03 4.067 5.575 3046. 2.085 **EURO-CURRENCY INTEREST RATES (Market closing rates)** 

French Danish Krone Oct. 15 Sterling Yen. 1112-1214 576-5 1112-12 578-5 1114-1115 6-518 1116-1214 618-518 1216-1224 618-518 1216-1224 618-518 5 % 559 5 % 559 5 % 5 % 5 % 5 % 5 % 6 5 % 6 578 619 572 672 6-619 614-659 64-659 648-612 114-114 112-12 114-114 112-12 12-122 11-18

Asian \$ (closing rates in Singapore): Short-term 10½-10½ per cent; seven days 10½-10½ per cent; one-month 10½-10½ per cent; three months 10½-11½ per cent; one years 12½-12½ per cent; one years 12½-12½ per cent; five years 12½-12½ per cent; five years 12½-12½ per cent; five years 12½-13½ per cent; five yea

Frankfurt ;

#### MONEY MARKETS -

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## **London rates steady**

money supply statistics.

Three-month streling interbank was unhanged at 104s per cent, while discount houses buying rates for three-month eligible bank bills firmed slightly to 104s per cent from 10 per cent.

The Bank of England forecast a money market shortage of £900m, and gave total help to the market of £916m. The authorities offered an early round of assistance, but at that time managed to buy only £29m bills outroght, all at unchanged dealing rates. A total of £3m bank bils were bought in hand 1 (up to 14 days

UK clearing banks' base lend-

ing rate 101 per cent (since August 20)

maturity at 101 per cent; £5m bank bils in band 2 (15-33 days) at 102 per cent; £5m bank bills in band 3 (34-63 days) at 101

FT LONDON INTERBANK FIXING LONDON INTERBANK FIXING

offer 11 1/4 6 mouths U.S. dollars bid 12.1m : offer 115.8

The fixing rates use the estimates means, rounded to the nearest one statement, of the bid and offered rates for 510cs quered by the merket to fee reference behis at 11 am each working days. The benks are National Wastininster Bank, Bank of Tokyo, Beutsche Benk, Banque Nationale de Parts and Morgan Gueranty Trust.

Interest rates were little changed on the London money market yesterday. Recent UK money supply figures have dispelled hopes of an early cut in there is still some anticipation that base rates will fall next money supply statistics.

Three-month streling inter
per cent; and £14m bank bills in band £12m bank bills in band 3 at 10½ per cent.

Another £788m bills were purchased for resale to the repayment of late assistance, and market in equal amounts on November 5 and November 5 at a take-up of Treasury bills rate of 10½ per cent.

In the afternoon the Bank of England bought £5m bills outright in band 2 at 10½ per cent, and £2m bank bills in band 3 at 10½ per cent.

Three-month streling inter-

MONEY RATES

5½-578 | \$.03125 | 17-17% | 8.05 | 12½-12½
5½-6½ | \$.15625 | 1678-17½ | 1076-11½ | 1232-12½
6½-6½ | \$.34575 | 17½-17½ | 1078-11½ | 13-13½ 11 11 11 5 4 7 5 11 11 11 18 1 5 4 7 6 LONDON MONEY RATES Discount Houses Deposit and Bill Rates

Paris | Zurich | Amst'dam | Tokyo

1034 1034 1058 1032 1032 10±10± 10±10± 10:10; 92:9; 3019 MONEY RATES NEW YORK (Lunchtime)

10.5 10.5 9th 9 3 952-9-1 10.55 10.75 972 973 975 977 10.15 10.55 10.55 976 976 10.10 10.5 11.25 11.25 956 976 10.10 10.5 11.2 11.4 11.5 976 10.16 10.75 10.56 Treasury Bills 
 One month
 9.70

 Two month
 10.65

 Three month
 9.33

 Fix month
 10.06

 One year
 10.08
 ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1584 (inclusive): 10.904 per cent. Local authorities and Rangce houses sevan days' notice, others seven days' fixed. Finance Houses Rase Rate (published by the Finance Houses Association): 11 per cent from October 7 1984. London and Scottish Clearing Bank Rates for lending 10<sup>3</sup>; per cent. London Deposit Rates for sums at seven days' notice 7<sup>1</sup>e-7<sup>1</sup>; per cent. Treasury Bills: Average tender rates of discount 9.7287 per cent. Certificates of Tax Deposit (Sories 6): Deposit E100,000 and over held under one month 10<sup>3</sup>; per cent. one-thing months 10<sup>3</sup>; per cent. nine-12 months 10<sup>3</sup>; per cent. One-thing months 10<sup>3</sup>; per cent. nine-12 months 10<sup>3</sup>; per cent. The rates for all deposits withdrawn for cash 7 per cent. Treasury Bonds
Two year 1001
Three year 1002
Four year 1013
Five year 1013
Seven year 1052
10 year 102
10 year 102
10 year 103
10 year 100

## Prices weak

FINANCIAL FUTURES

Prices tended to weaken on the London International Financial Futures Exchange yesterday. Long-term gilts for December delivery opened at 107-05, compared with 107-14, but improved to a peak of 107-15 in light trade. There was no further upward drive however, as the market remained concerned about the low level of sterling against the dollar, and about the lack of progres in the talks aimed at ending the pit dispute. The December contract fell to a low of 108-21, and closed only rush into dollars. Against this background the D-mark was firmer with sterling slipping to DM 3.8000 from DM 3.8110. The

STERLING EXCHANGE RATE LONDON Oct 15 Previous Close High Low Prev 88,73 88,80 88,72 88,83 88,23 88,47 88,38 89,51 88,08 88,16 82,07 88,21 87,78 87,80 87,78 87,91 87,50 48,88 Dec 87.78 87.80 88.72 88.83 Merch 88.39 88.47 88.38 88.51 June 88.08 88.16 88.07 88.27 88.27 88.28 Page 87.78 87.80 87.78 87.91 Dec 87.50 — 87.63 Est volume 2.629 (4.648) Previous day's open int 10,103 (10,057) † Repriced 

New York rates Oct. 15 Prev. close £ Spot \$1.21051,£110,\$1,22551,2245 1 month: par-0.02 dis iper-0.02 dis 5 months 0.19-0.22 dis 0.23-0.24 dis 12 months 1.43-1.53 dis 1.50-1.50 dis

76.1 76.0 75.8 75.9 75.9

tt 15 spread Close One month p.a. Threa months p.a. tripe spread Close One month p.a. 2.06 0.50-0.42 pm 1.86 1.3204-1.3245 1.3245-1.3245 1.519-1.7245 0.159-0.716 dis close 1.3204-1.3245 1.3245-1.3245 1.519-0.176 dis close 1.3204-1.3245 1.3245-1.3245 1.519-0.176 dis close 1.3204-1.3245 1.3245-1.3245 1.519-0.176 dis close 1.3236-3.1405 1.3245-1.3245 1.3236-3.1405 1.441-1.416 pm 4.84 4.21-4.18 pm 4.75 pm 1.534-1644 1.334-11.344 1.334-11.344 1.1.335-11.345 1.334-11

**CURRENCY RATES** 

June Close High Low Pn
June — — 0.44
Est volume 2 (2)
Previous day's open int 434 (433) JAPANESE YEN Y12.5m \$ per Y100

| Dec | Dec

Prices tended to weaken on slightly firmer at 106-26.

Three-month sterling deposits also finished weaker at 89.87 for

December Eurodollars opened lower at \$8.78, compared with 88.53 previously, and finished weak at \$8.73 despite speculation that the recent sharp fall in the Federal funds rate had been overdone.

a high point of 68-01 and a low of 67-22. U.S. TREASURY BONDS 8% \$100,000 32nds of 100%

Close High Dec 67-24 88-01 March 67-06 STERLING 2250,000 Est volume 388 (1,136)
Previous day's open int 1,038 (1,104) CHICAGO U.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100% Letrest High 67-25 47-28 45 67-06 57-08 65-20 66-23 68-05 64-05 65-24 65-24 65-03 65-04 45-03 65-04 41 65-03 65-04

| Previous day's open int 5,754 (5,752) | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 10 | 0.3718 | Sim points of 100% | Cappaign | C

also finished weaker at 89.87 for December, against 89.97, depressed by the decline of the pound on fears of lower North Sea oil prices. This followed news that Statoll of Norway had changed its pricing strategy.

U.S. Treasury bonds for December fell to 67-24 from 68-04, but trading was generally steady on hopes the U.S. Treasury auctions will be successful. The contract touched a high point of \$8.01 and a low

Lstest High Low 1,2060 1,2105 1,2070 1,2120 1,2180 1,2110 1,2170 1,2210 1,2170 1,2250 1,2310 1,2240 1,2350 — 1,2350 

Your Company Image Cuff Links Paperweights • Enamel Badges Medals Send this advertisement attached to your company letterhead **Promotional Gifts** Manhattan-Windsor STEWARD ST., BIRMINGHAM BIS 7AF TELEX 338633

#### Company Notices

#### NOTICE OF RATE OF INTEREST CREDIT FONCIER DE FRANCE U.S.\$75,000,000

teed Floating Rate Notes due 1988 In accordance with the provisions of the Interest Determination Agency Agreement between Crédit Foncier de France and National Bank of Abu Dhabi, Paris Branch, dated as of 18th September, 1981, notice is nereby given that the Rate of Interest has been fixed at 11<sup>11</sup><sub>30</sub> per cent per annum, and that the Coupon Amount payable on April 16, has been computed on the actual number of days elapsed (182)

By: National Bank of Abu Dhabi Paris Branch Reference Agent

GOLD FIELDS GROUP VLAKFONTEIN GOLD MINING COMPANY LIMITED (Incorporated in the Republic of South Africa) REDUCTION OF CAPITAL

At the annual general meeting of members held on 12 October 1984, a special resolution was passed reducing the authorised and issued capital of the company from 50 cents per share to 35 cents per share. Application is being made to the Suprame Court of South Africa (Witwetersman Loral Division) for confirmation of the reduction of capital. Members will be informed by circular in due course of the outcome of the application.

GOLD FIELDS OF SOUTH AFRICA LIMITED Secretaries per J. N. Chemaly

## **上** WORLD VALUE OF THE POUND

October 12,1984

The table below gives the latest available rate of exchange for the pound against various currencies on October 15, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
I	Afghanistan	Afghani	99.00 9.99	Greenland	Danish Kroner	13.71 3.8735	Peru Philippines	Sol Philippine Reso	exe(A)4,984,24 21,88
Į				Grenada	E. Caribbean &	11,55	Princippings	(£ Steriing	_
ı	Andorra	French Franc Spanish Peseta	11,53	Guam	U.S. 8	1,2095	Pitcairn Islands	New Zealand &	2,4990
ı	Angola	Spanish Peseta	211,40 (CM) 43,7625	Guam	Quetza]	1,2085 30,21	Poland	Zioty	155,01
ŀ	Antigua	E. Caribbean 8	3,2736	Guinea	Syli Basa	102.66	Portugal,	Portugu'se Escudo	198.50
i	Argentina		122,685	Guinea-Bissau Guyana	Guvenese S	4,654	Puerto Rico	U.S. \$	1,2095
ì	Australia					C 040E	Qatar	Coton Duni	4,4205
İ	Austria	Schilling	1,4555 26,725	Halti Honduras	Gourde	6.0425 2.46		_	
ı	Azores	Schilling Portugu sa Escudo	198.50 1	Hong Kong	H.K. S	9,4655	Reunion Island	French Franc	11.63
j	Rehamas	Ba. Dollar	1,2085 0,4580			25.224	Romania	Leu .	(Cm)6.43 ( <i>N/C:19.42</i>
ł	Bairaín Balearic Islas	Ulitar Ana Patria	211.40	Hungary	Foriat	62.65¢	Rwanda	Rwanda Franc	126,92
ı	Bangiagean	TAKA .	30.70	iceland	1 Kmns	41,0585			
1	Barbados,	Barbados \$	2,417	India	ind. Rupee	14.60	St. Christopher	E. Caribbean 8	3.2755
i	Beiglum	B. Franc	((em) 70.740	Indonesia	Rupiah	1,286,36	St. Helena	St. Molena 2 F. Caribbaan	1.0 3.2755
Į	Belize	ALS.	((cm) 76.725 ((fn) 77.55 2.417	iran	Rial	113.70 (89)	I St. Pierre	Local Franc	21.53
1	penin	C.F.A. FRANC	678.5	1req	Iraci Dinar	0,3850	St. Vincent	E. Caribbean S	3.2735
ı	Bermuda	Britis 5	1.2085 14,60	l Irish Republic	irish 2	1.2225	Salvador El	(See El Salvador)	1,2085
1	Bhutan		2,417 0(13)	larael,	Shekal	529.0 2,337.0	San Marino	u.s. » Italian Lira	2,337,0
ł	Bolivia	Bollylan Peso	6,042.5 (14)	Italy.,,,,,	CEA Empo	576.5	San Marino Sao Tome & Prin	Dobra	65,40
ł	Botswara	Pula	1.770	_					
1	Bourkins Fasso	Q.F.A. Franc	576,5 2,953,59	Jamaica Japan Jordan	Jamaica Dollar	5,10 300,75	Saudi Arabia	Saudi Ryal	4.3035
ı	Brazil	Cruzeiro #	2,953.59 1,2085	Japan	Yen	0,490	Senegal Seychelles	C.F.A. FIRING	876.5 8,69:5g)
ı	Brit. Virgin isles			9010ZU	fotomient purel.	2,400	Sierra Leone	a. Kupes Leona	(O:3.152
ł	Brunsi	Brunei 7	2,6270 1,3065	Kampuchaa	Riel	N/A	Singapore	Singapore #	2,6270
ļ	Bulgaria Burma	Kvat	- 10.90	Kenya Kiribati Korea(Nth)	Kenya Shilling	18.02 1.4565	Solomon Islands	Solomon Is. 3	1,6045
ı	Burundi	Burundi Franç	151.38	Kores(Mth)	Mon Won	1.57( II )	Somali Republic,	Somali Shilling	21,21
ł	G	of A Fman	676.5	E ADFEB(STD)	WON	1.006.46	South Africa	Kano Petate	2.1430 211,40
ĺ	Cameroon Canada	Consdian S	1,5995	Kuwait	Kuwaiti Dinar	0.5640	Spain Spanish ports in	- 0-01h	211,70
i	Canary Islands	Spanish Peseta	211.40	Leos	New Vie	42.2975	North Africa	Peseta	211,40
ł	Cape Verde is Cayman is ands	Cape V. Escudo	96,99 1,007 5	Lebason	Lebanese &	9,6385	Sri Lanka		31,25
ĺ				Lebasion,	Maluti	2,1430 1,2085	Sudan Republic	Sudan 4 (u)	1.59
ı	Cent.Afr. Republic	C,F.A. Franc	576.5 676,5	Liberia	Liperian e	1,2085 0.3578	Surinam Swaziland	ş. Gunder Lilangeni	2,1632 2,1430
ı	Chile	Chilean Pesa	140.90	Liechenstein	Swiss Franc	3.1125	Sweden	S. Kronz	10.6325
ł	Chile	Renminbi Yuan	3,8570	Luxembourg	Lux Franc	76,725	Switzerland	Swiss Franc	5.1126
ı	Colombia	Col. Peso	(F) 129.98 576,5		Tetros	9.8710	\$yria	Syrian £	(A) (T)9.0 (CM)N/A
l	Congo (Brazaville)	C.F.A. Franc	676.5	MacaoMadeira	Portugise Escudo	198.50			((Om)IIIA
ı	_		(U) 54.25 ·	MAKADASY KEDUDIK	MUTTANG		Taiwan	New Talwan \$	47,37
ı	Costa Rica		1.0658	Malawi	&wachs	1.82 2.9070	Tanzania	Tan. Shilling	21.72 27.84
ŀ	Cuba	Cuban Peso	0.7720	Malaysia	Kinggir	2,2070	Thaliand Togo Republic	CCA EMPA	575.5
1	Cyprus	Cyprus £	((nom) 8.70	44-1-41 Into	<b>.</b>	9.1841	Tonga Islands Trinidad Tunisia	Pa anga	1.4565
Į	Czechoslovakia	Konina	nic 15,16 14,70 (9)	Maidive Islands Maii Republic	C.F.A. Franc	576.5	Trinidad	Trinidad & Tob 5	2.90
i	Optonovana.	107 21-2	14,70(9)	Maita	Maitese 2	0.5896	TURISME	Tunislan Dingr	1,0100 505,93
Į	Denmark	Danish Kroner	207.0 (ag)	Maits Martinique	Local Franc	11.53	Turkey Turks & Gaicos	141MBH LIFE U.S. 5	1.2085
ŀ	Dibouti	Dilbouti Franc	3,2735	Mauritania	Ondina	80,65 18.27	Tuvadu	Australian S	1.4565
Ì	Dominica		(0) 1,2085	Mauritius	en, Kupae	ι (F)245,71		· - · - · - · -	
Į	Dominican Repub'	Dominican Paso	(7) 3,6256	Mexico		) (C)219.10	llde		F3F A
Ì	Ecuador	Suare	(O) 81.18 (F) 120.41	Miquelon	Local Franc	11.53 11.53	Uganda	oganoa annung	<b>535.0</b>
į			(F) 120.41 ( 1.0084(15)	Monaco	French Franc	11,06 4,56 (())	United States	U.S. Dollar	1.2025
l	Egypt	Egyptian £	(1,4580 (8)	Mongotia Montserrat	F Coribbean S	3,2735	Uruguay Utd. Arab Emiates.	Uruguay Peso	75,07
i	El Salvador		3.07	Morocco	Dirham	11,30(sg) (A) 52.60	Utd. Arab Emiates.	U.A.E. Dirham	4,4380
i	Equatorial Guinea.	Ekuele	4,228	f Mozambigue	Metical	(A) 52.60	U.S.S.R. Upper Volta	ROUDIS Ses Bourking Sones	1,0465
l	Ethiopla	Ethiopian Birr	(P) 2.4960	Namibla	S.A. Rand	2,1480 1,4565	Vanuatu	Vatu	1900
ľ	Falkland Islands	Falldand la P	1,0	Hauru,	Manajeee Buree	19,50	Vatican	Kalian Lira	2,337 (4) 5,20
Į	Farce Islands	Danish Kroner	13.71	Netherlands	Guilder Rupes	4.2775			(4) <b>5.20</b>
ł	Farce Islands	Fiji 8	1.3685	Netherlands NetherlandAntilles	Antilian Guilder	2.1632	Venezuela	ROUVEL	(6) 14 AB
ı	F)njang	Markka	7.8065	New Zesiand	N.Z. Dollar	2,4990 18,26	Vietnam	Dong	(O) 12,70 1,2085
ĺ	France	French Franc	11.53	Nicaragus Niger Republic	CEA Frence	576.5	Virgin Island U.S.,		1,2085
۱	French C'ty in Al	C.F.A. FINIC	P575.5	•		•		•	
۱	French Guiana	Local Frant	11.68	Nigerla	Naira	1.061402(sg) : 10.8825	Western Samoa	Samoun Tala	(A)2.61
۱	French Pacific 1s	C.F.A. Franc	203.0 (ag) 576.5	Norway	Risi Omani	0.4196	Yemen (Nth)	<b>P</b> usi	6,95(ag)
١	Cambia	Dalaci	5.08	Dekieten	Pakistan Rupsa	0,4196 17.40	Yemen (h)	S, Yemen Dinar	(AVO,4150
ĺ	Germany (East)	USTMERK	3.7925	Penama	Balboa	1,2085	Yemen (h) Yugosiavia	New Y Dinar	226,05
İ	Germany (West)	Dentsone Mark	3,7925	Papua N. Guinea	Kina .	1,1340			47.40
ĺ	Ghana	Cibrolton <sup>D</sup>	45.7390	De rouser'	Gueroni	( 290.16 (10) ( 520.84 (11)	Zarie Repulic	¢αire Kwaaba	47,49 2.45
۱	Gibraltar	ombraitra = Deschma	1.0 155.35	Paraguay	A 401 Git	392,83 (12)	ZambiaZimbabwe	rwecna Zimbabwe	2.45 1.7115
ø									

\*Rate is the transfer market (controlled). ‡! Now one official rate. (\$) Board on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for public sector dobt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for mittances of foreign currency by Egyptians working abroad and tourists, (9) Bonhous rate. (10) Rate for exports, (11) Parallel rate. (12) Rate for Imports. (13) Essential Imports, (14) Non-essential imports. (15) Nearly all business

2 € 1

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BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

day became the third British bank fees of 80 basis points. launch an undated Eurobond with the issue of a "perpetual" float-ing rate note whose amount was im-purchase either \$1,000 nominal of mediately increased to \$300m from

The issue follows a fashion startin April and followed up last week by Barclays with a \$500m issue, climbed to a peak o though Standard Chartered has ling at around \$33. added a new dimension in the form of warrants to buy fixed-rate dollar little bearing on the basic structure or sterling-denominated bonds.

The floating rate note, led by Credit Suisse First Boston and Standard Chartered Merchant from the package. Market esti-Bank, will bear interest at a margin mates put this at about 10 basis

**Switzerland** 

withdraws

bond issue

THE SWISS Government has been

forced to withdraw a SwFr 250m bond issue planned for later this

month as a result of the unsettled

condition of the market, John

This is the first time in five years

that a state bond has been can-

celled. The Swiss Government

The decision follows several

weeks of uncertainty for the Swiss

franc and a general hardening of

short-term interest rates in Switzer-

land. Bond market coupons have

The loan has been cancelled be-

able uncertainty over prospects for

tionen - medium-turn over-the

for December. While this is likely to

be of the near-standard sum of around SwFr 250m, the Finance

Ministry points out that it is "flexi-ble" with regard to this amount.

Banking circles say that the cur-

the main reason for the decision, al-

though this has led to higher mon-

Wicks writes from Zurich.

of bond auction.

been edging higher.

counter bonds.

this time round.

OCG Te Calurali Calyride Oceannar Ocean s OffsLog Ogibli s OtnoCa OniLine Onicia Onicia Character

+2+++

STANDARD CHARTERED yester- Eurodollars (Libor) and pays total

Each \$10,000 note will bear six 12 per cent, 12-year bonds or £800 of 11% per cent 12-year paper at any time over the next three years. The ed by National Westminster Bank warrants were launched at an initial price of \$27.50 but quickly climbed to a peak of \$36 before sett-

> Bankers say the warrants have of the perpetual bond but the proceeds will reduce Standard Chartered's overall cost of borrowing points over Libor, which means that

made this issue about 26 points priced at 99% per cent by lead man-cheaper than last week's bond from agers Deutsche Bank, CSFB and Barclays.

The notes themselves were well received, trading last night at a discount of about 50 basis points from their par issue price, well within The fixation with floating rate

notes and warrants has allowed the Eurobond market quietly to place some of the overhang of unsold fixed rate paper that built up during the issuing spree of late September. There were no conventional fixed-rate issues last week, but against the backdrop of steady secondary market prices the Inter-American Development Bank slipped in last night with a \$150m, seven-year 12% per cent bond

Morgan Guaranty. Yamaichi International yesterday

cut the coupon of its \$100m convertible issue for Tokyo Sanyo Electric to 3% per cent from an indicated 3% per cent. Final terms include a conversion price of Y772 compared with yesterday's close of Y739 and an exchange rate for conversion of Y249.55 to the dollar.

Continental European markets were generally little changed. Lonrho launched a DM 100m, 8 per cent, seven-year bond at 99% through BHF Bank. The coupon is higher than seen on some recent issues by corporate borrowers and to be priced at a margin of just %

**FLOATING RATE NOTES** 

## Banks issue perpetual floaters in effort to boost capital base

recognised that there were special

features. Because of this, NatWest

has not yet taken the proceeds of

the issue into its capital, even as

In the U.S., NatWest has visited

ing that when the U.S. authorities

according to Mr Charles Green, NatWest's general manager in

The Barclays issue was a bit dif-

ferent. There was no linkage be-

tween interest and dividend pay-

Barclays issue, however, would on-

The perpetual floating rate note's come out with their promised new appeal from the issuer's point of definition of capital in a few weeks

sheet as a whole. The obvious route, tion where repayment is accelerat-

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON THE PERPETUAL floater might be said to have come of age last week as a means of raising capital on the international markets. There were two issues, \$600m by Barclays Bank and \$150m by Den norske Creditbank, and both were increased in switched in 1979 to a tender system

size to meet popular demand. Standard Chartered followed suit land said it was debt, although it yesterday with a \$250m issue, immediately increased to \$300m. This brings to seven the number of per-petual floaters since the first last April by National Westminster Bank with \$500m, to be followed during the summer by Sweden the Fed and made a submission (\$750m), Belgium (\$300m) and Den-about its new creature and is hopcause of the "instability of the mar-ket" according to the Finance Min-istry in Berne. There is considermark (\$600m).

Swiss interest rates, not least in the view is that it never matures, so it time, they will let it count as "prifield of the banks' Kassenobligahas a permanence lacking even in a many capital," the key category for 30-year bond. In practice, many of prudential purposes. The U.S. credit them could be called in after a few rating agencies regard it as equity. The last federal issue, at the end years - Barclays' is callable in 1990. of August, was of SwFr 229.5m at NatWest and County Bank, its an issue price of 99.8 per cent and merchant banking subsidiary, de- charge of financial control. with a 4% per cent coupon. Since veloped their note for two reasons: then there has been a general slight to raise capital with some of the increase in interest rates, so that characteristics of equity many observers believed Switzerstrengthen the balance sheet, and ments, which makes it look less land would have to offer 5 per cent increase the dollar component of equity-like. Barclays argues the opthe banking group's capital base to posite, however. The NatWest issue, reflect the shape of the balance it points out, could produce a situa-A further issue is on the calendar

a dollar-denominated rights issue, ed (if, for example, NatWest fails to was not possible for legal reasons.

To make the issue even more like equity, NatWest linked payment of exist but the bond would be paid interest to payment of dividend on off, which would immediately end rent strength of the dollar, is not its common stock. So investors take any resemblance to equity. The

an extra risk. Any hopes, however, that Nat-West had that its perpetual floater event that the bank itself went into

Tortuous arguments, perhaps. BHF Bank bond average This, however, is what banks have to resort to these days as they cast Previous around for new ways of boosting 101,276 101,193 their capital base in response to Low 98.055 pressure from their supervisors.

> Barclays has not yet discussed its issue with the Bank of England so it does not know how it will stand in the capital table. It is already clear, however, that it will only be able to make limited use of it as capital if the Bank says, as seems likely, that it is debt. British banks may only count £1 of debt to every £2 of equi-

would only be able to absorb half the \$600m issue into its capital base or alternatively raise some £500m in new equity to match it. Since NatWest has also beaten

Barclays is already so close to

that limit that analysts estimate it

Barclays to the equity gun with its recent £236m rights issue, that route would seem to be closed for the time being. There is, however, a cost attached

to perpetual floaters. Earlier this year, Barclays made a 20-year bond issue at % point over the mean of the London interbank offered and bid rates, but the spread on their perpetual was % point, quite a large difference in the margin-conscious Euromarkets. Barclays clearly thinks it worth the extra expense. Mr Anthony Stranger-Jones of Bar-clays Merchant Bank, which did the deal, said it adds "an extra layer of strength" to the balance sheet

## Algeria considers \$500m credit

ALGERIA is sounding out the Euromarket for a \$500m credit for its state-owned bank Crédit Populaire, our Euromarket Correspondent

Although a formal mandate for the deal is still believed to be some weeks away the sounding process has already attracted considerable attention in the banking community. Algeria has indicated that it would like at least part of the loan percentage point over Eurodolla

That follows the highly successful S800m loan raised jointly last year by Banque Nationale d'Algérie and Banque Exterieure d'Algerie, which was increased from an initial S700m. That loan bore a margin of % point, rising to % point for the

Since then, margins in the Euromarket have dropped across the board, but although bankers say there is evidence of strong appetite for Algerian paper, especially from certainty as to how the market would receive an Algerian credit with a margin of only % per cent.

Arab banks, which would normally be expected to play a fairly large role in an Algerian syndication, might avoid taking part in such a deal, bankers believe.

• Citicorp and Mitsubishi Bank are now going ahead with their \$170m deal for the Spanish stateholding company INI, proceeds of which are to be used to finance two subsidiaries: Astilleros Españoles and Babcock & Wilcox Española.

The deal is divided into two tranches of Pta 14bn and S85m. Citibank Española will be agent on the seven-year peseta tranche, which will bear interest at a margin of 🛠 point over the Madrid interbank offered rate or the one-year Spanish preferential (prime) lending rate. That portion also carries an option for interest to be charged at the three-year prefential rate with no margin, and repayments begin after a four-year grace period.

Mitsubishi Bank will be agent for the \$85m portion, which has a 10year maturity and a six-year grace period. The interest margins have been set at % point over Libor for the first five years, rising to % per

Syndication of the deal is expect ed to begin this week. Spanish bor rowers have been turning their attention increasingly to peseta syndications recently and bankers said yesterday one reason why the INI deal bears a peseta tranche is to

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 15.

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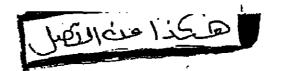
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\*\* Saturday October 6; Japan Nikkel-Dow 10.711.0. TSE 838.32.

Base values of all indices are 100 except Australia All Ordinary and Metals—
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MONTREAL Portfolio

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Stocks Traded 786, 198 694,200 634,489 695,209 597,888

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Stocks Traded 1,769,890 996,808 892,780 833,280 784,200

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3.80p.m. Price 251/s 187/s 327/s 787/s 287/s

# Motor Industry

## Market changes as U.S. sales recover

By Kenneth Gooding Motor Industry Correspondent

THE U.S. MARKET has become the honey pot for the world's car manufacturers. The Europeans are dipping in greedily while there are far profits to be made from selling vehicles for highly-valued dollars.

By the end of last month West German vehicle exports to the U.S. were running at more than double the 1983 level and the German producers are kikely to export around 100,000 more vehicles—mainly cars—in 1984 than the 278,000 shipped out last

The Japanese, embroiled in a bitter price war at home and finding the going much harder in Western Europe since the yen strengthened, face import restrictions in the States but have a great deal of previous experience in the art of maximising profits by moving up-market and by careful pricing then the volume of their sales

#### **Buoyant** market

As for the U.S. manufacturers. they are making the most of buoyant home demand after several lean years. But the slimmed-down, streamlined American companies have no intention of allowing themselves to grow fat and singgish and

slow-to-react again.
Nissan's executive vice-president, Mr Yoshitada Uchiyama, admitted recertly that his com-pany's profits from sales in Japan "are not what they should be, we need to make more there." Of Nissan's earnings there." Of Nissan's earnings volume substantially. from sales in Europe he said: However, Mr Urchiyama is "They are not ab good as in the not alone when "personally past". But profits in the U.S. Speaking," he feels there is an

were "very satisfactory."

He also explained why a price wan had developed in Japan. "We are trying hard to catch up with Toyota. In the past Toyota was 7 per cent or 8 per cent shead of Nissan in the market, now the gap is 10 per cent. We want to recover our share. By will meet that target."

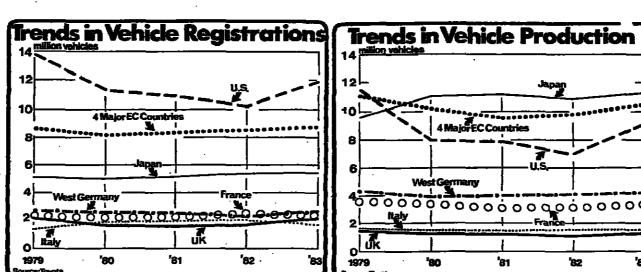
According to Mr Uchiyama, the rapid financial recovery of the U.S. manufacturers in the past year or so has proved that the American industry is still the world's strongest. He pointed out that, if the forecasts proved night and General Motors—the world's largest automotive group—achieved a \$6bn net profit this year, it

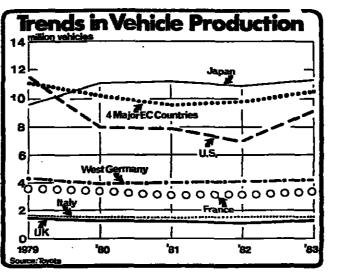
would earn more than the entire Japanese industry.

"If the U.S. companies can continue to combine excellent tion and the very reasonable relationship they have with their workforce, they can match Japanese cars quality and con-siderably close the gap between Japanese and American costs,"

Mr Uchiyama's compliments are to some extent politically inspired. Like the rest of the Japanese groups, Nissan wants the U.S. government to end the restrictions on car shipments from Japan to the States which in the year to next April will limit them to 1.85m compared with 1.68m for the previous 12

If the restraints were reand that is by no means certain in spite of the renewed vitality of the U.S. industrytheory the Japanese could make hay and boost their car sales





The buoyant U.S. market is providing a highly profitable outlet for European and Japanese car makers. Moves to cut down on exhaust emissions—led so far in Europe by the German government—are a big worry, however.

upper limit to the market share Japanese cars can reach in the U.S. He estimates that share is around 20 per cent compared ese currently hold.

Nissan is now committed to alleviating trade friction by " manufacturing where we sell, especially in our larger markets that we can contribute to the local economy, industry and employment," he insisted — expressing a philosophy which General Motors and Ford have attempted to put into effect for the best part of

> Nissan is still intent on increasing its sales in Western Europe at a pace which will win it market share. Nissan hopes to push up car sales in the area by about 3 per cent a year when the best estimates suggest total best estimates suggest total

demand will rise by only 11 per cent to 2 per cent annually. And even that might turn out be optimistic if Europe switches quickly to the U.S. system of controlling harmful emissions from cars—a possi-

In West Germany, millions of Black Forest trees are wilting, with them. dying or dead. It has not been proven conclusively that car exhaust fumes are in any way responsible but, faced with the need to appear to be doing some-O years. thing (and by the sudden rise That said, it seems that in support for the Greens, the

pro-environment party which is now attracting over 8 per centtions) the West German gov-ernment intends to take action. Various methods will beused to encourage buvers to purchase

cars which use American style catalyctic converters—or "cats"

"Cats" are quickly poisoned by lead and if the German scheme is to work, unleaded bility which the French and fuel must be made widely avail-Italians find particularly worryand not just in Germany. The Germans are voracious tourists and often take their cars

The German government says it intends to act by 1989 (two years earlier for cars with en-gines of over 2 litres capacity) whereas the EEC's proposals for emission controls—but not necessarily using catalysts—are not due to come into effect until

such a rush of proposed regu-lations, there have been protests through the European in-

dustry.
The German manufacturers have given up overt opposition to the idea of U.S.-style emission controls but are deeply disturbed by the prospect that

large cars might be affected Starting point They want any changes to be

introduced for all cars at the same time—and Daimler-Benz would not be legal for the German government to take any other course of action.

The rest of Europe's car makers agree that the starting point should be the same for everyone but they also want Germany to wait for the EEC to work out a common set of regulations for the whole community. More time should be given to see if a better method

where the "cats" have proved to be far from perfect. (Onethird of those tested recently after being in operation for six months proved to be below

standard.)
The "cats" will not only eliminate the considerable fuel economy improvements achieved over the past five years by the European car makers but possibly rule out still bigger gains now in the pipeline, say the British, Italian, French and German manufac-

turers with one voice.
The European car-makersalthough currently preoccupied with their own, particular short-term problems—all agree that there is an urgent need for margins of profit to return to better levels.

"Our number one priority is to make a profit in all the markets in which we sell our cras," said Mr Carl Hahn, chairman of Volkswagen-Audi, at the recent Paris Motor Show. This sentiment was echoed by M
Bernard Hanon, Renault's president. "Our prime task is to
make a profit," he said.
According to Ford's calcula-

tions, the European industry made a combined loss of \$2.1bn between 1978 and 1981. In the last two years another \$1.2bn had been lost and overcapacity in car manufacturing in Europe had now reached 20 per cent, or conservatively 2.5m cars a

Mr Bob Lutz, who returned in June for a second term as chairman of Ford of Europe, explains how this has happened. He says that Japanese makers have taken 1m car sales in Europe from the domestic producers and have also eliminated about 1.6m of European exports by moving into what were markets dominated by European products. (European car exports since the early 1970s

have fallen from 3m to 1.3m.)
At the same time, the producers in Europe have added capacity, partly by increasing productivity at existing plants, but also by building new plants. The overcapacity has resulted in "jungle warfare" in Europe.
"Price competition has become

much more vicious in the past two years," Mr Lutz maintains.

CONTENTS

Joint ventures Production technology Smaller producers New models The UK Japan

France West German

But, he stresses, the European industry must be able to earn enough to keep up its investment in technology. For it is technology which has maintained Europe's place in a world where the Americans have a huge domestic car market to rely on and the Japanese have major production cost advantages.

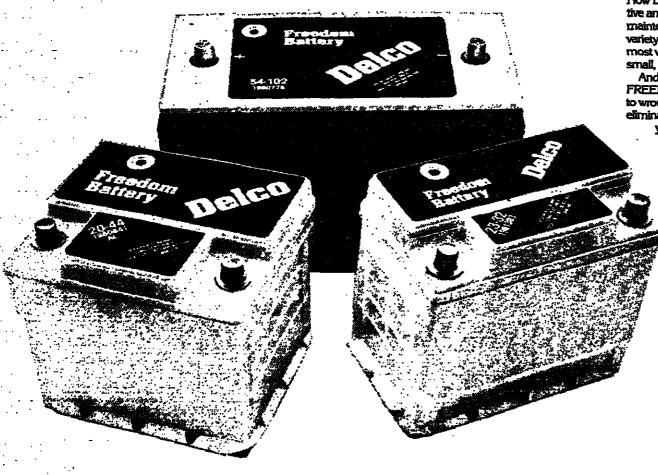
Mr Lutz returned to Ford of Europe following a major up-heaval this year involving the sudden retirement of former chairman Mr Ed Blanch and, later, the departure after an internal row, of president Mr Jim Capolongo.

Ford is not the only company where the market-place pressures have led to executive casualties. At the M Jacques Caivet emerged as the new president following a boardroom battle which saw the departure of M Jean Paul Parayre, president since 1975.

Ford has recognised the troubles it faces in Europeand the fact that its operations there represent as big a part of the world-wide total as those in the U.S.—by sending back Mr Lutz, a main board member who reports directly to Mr Don

> CONTINUED ON NEXT PAGE

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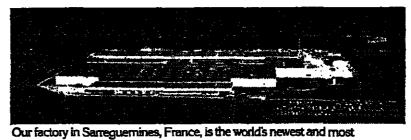
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Kenneth Gooding looks at the benefits and pitfalls of co-operation between car companies

## Era of joint ventures

SOME OF the joint venture losing so many jobs and indivi-projects started in the late dual countries wish to preserve 1970s, when the Western European motor industry was racing to develop cars which would to fruition. Not all of them have turned out as expected.

Fiat in particular was the main European proponent of

joint projects. To start with it lost time after the first oil supply crisis because it halted all development work on cars in the mistaken belief that the world would switch to public

Apart from needing to catch up with its European competi-tors, First was acutely aware that its predominant position in Italy, where it accounts for over half total car sales and is by far the major producer of automotive components, makes it necessary to look outside Italy for partners and new

technology. Products from three of the Fiat joint ventures have been unveiled this year. Fiat joined with Saab to develop components for an up-market, large car. Half-way through the venture Fiat's Italian (and State-owned) rival Alfa Romeo ioined the party. The outcome has been a car Saab calls the pany previewed in June and a model which will sit at the top of the Saab range.

#### Sneak preview

Fiat, not to be outdone, has given a sneak preview of the version to be produced by its Lancia subsidiary which will be called the Thema and should be launched next month at the Turin Motor Show. The Thema will replace the Trevi and Gama

First's own version of the joint-venture car, code-named Type four, will not be seen until next spring and is expected to suprcede the Argenta.

The Alfa variation on this theme, to replace the Alfetta and Alfa Six, will not be seen until well into 1985.

When the project was conceived the idea was for Fiat and Saab to share production of the components as well as the development work. But this ad-

mirable idea for producing in

as many as possible.

Fiat's chief executive, Sgr Vittorio Ghidella, points out: "This insistence by national governments that the work be done in their own countries has proved to be an insurmountable problem."

Consequently, with the launch of the new cars the joint ven-ture between Saab and Fiat is at an end. Saah's car division chief executive, Mr Sten Wennlo, believes the effort was worthwhile in that it saved the equivalent of 2m working hours in development time and

the design effort." One byproduct of the Italian Swedish deal which will continue is the supply by Fiat of Lancia Delta cars for sale by Saab in Sweden as the Saab 600. It is a sad reflection on the current state of the industry that neither Fiat nor Saab expect to make any profit from this arrangement.

But as Mr Wennlo points out, Saab's Swedish dealers do make some profit on the car and if it was not supplied to them the dealers would almost certainly turn to Japanese products to fill the gap below the Saab range. (Saab itself has no intention of moving any further down the market in size where it would have to compete head-on with the volume car pro-

The difficulties over job preservation have also dogged Fiat's joint venture with Peugeot to produce a highly fuel-efficient small petrol engine. Originally, Peugeot agreed that the engine should be produced at two identical plants, side by side in Italy. But the coming to power of a Socialist government in France put paid to that idea.

The Mitterrand government insisted that one of the plants be located in France. However, when Fiat showed the jointly developed engine for the first time, last month, Peugeot still had not even announced where the French plant would be located. Peugeot has postponed indefinitely plans to put the

engine into production.
Fiat spent \$330m to bring the engine into production at Termoli, central Italy, and larger and more economic Peugeot was not willing to find volumes failed to make headway that kind of money in its at a time when the industry is current parlous financial state. Peugeot was not willing to find

Peugeot had to invest heavily in new 1.6-1.9 litre, petrol-diesel engines for the Peugeot 305 and Citroen BX models among others. The small engine the group uses is made at Douvrin jointly owned with Renault, the State-owned French group. Peugeot says the Douvrin engine has been substantially improved and is doing well in the successful Peugeot 205.

#### Maintenance-free

Fiat says it shared with Peugeot the development cost of \$18m for the new unit which has 30 per cent fewer com-ponents than the similar 1-litre engine currently used in the Flat 127. The new 45 hp engine uses 15 per cent less fuel than the 127 unit and is pracled to greater thoroughness of tically maintenance-free, according to the Italian company. Fiat calls the new engine "Fire" 1000 (fully integrated

robotised engine) and says it will be built at the rate of 2,500 a day (about 500,000 a year) from the beginning of 1985. Fiat and Peugeot will continue to work together on other versions of the engine—when they began the co-operation in 1980 it was said the range would be between I litre and 1.5 litres. Technical, rather than politi-cal, problems have delayed the

launch of another Fiat joint-venture product: a CVT (continuously variable automatic transmission) which, at a pre-view late last year, Sgr Ghidella described as "the transmission of the future" which ultimately would replace five-speed manual gearboxes whose performance it more than matched.

The CVT in a version of Fiat's

small car, the Uno, should have gone on sale during the summer. But Van Doorne Trans-missie in Holland, which makes the key components for the CVT, has encountered difficulties in starting volume production of the steel belt used in the unit.

Van Doorne does not make complete CVT's but just the pulleys and belts. Although the system has been working so well in pre-volume production form that Ford, General Motors and Subaru as well as Flat are to use the Van Doorne components, Fiat has lost some of its initial enthusiasm for the CVT because the price is so

will add roughly £500 to the price of a car which sells in Italy for the equivalent of about £3,700. He says Flat will not be able to encourage customers to switch from manual to automatic transmission at such

Fiat also hopes that Ford will not run out of enthusiasm for the CVT. Ford hoped to put the unit into production at its Bordeaux plant in France and use its version—dubbed the CTX-in the Fiests and Escort. Twenty Fiestas with CVT have been put into Ford's own sales fleet on the Continent as part neet on the Continent as part
of an extended trial.

If Ford can get the volume
of CVT sales up that would
benefit Fiat because the cost

of the Van Doorne components would come down with the in-A great deal will depend on the reception given to the CVT in the U.S. Henry Ford himself said recently that before long the CVT would be offered as an option on all Ford's U.S.

#### No decision

But so far no decision has been taken to put the Bordeaux CVT into the States because that market requires different characteristics from the unit than Europe. With a legal top speed of 55 mph, the Americans need lots of power from start-

There is however, no chance that the CVT will become the standard automatic in Europe in the medium term. Another joint project, between Renault and Volkswagen, will see the arrival next year of a highly-efficient. four-speed, electronic automatic transmission for small cars. The new product will be made by both companies at a

combined annual rate of 350,000 and go into all their mainstream models. This joint venture sprang from the fact that demand for automatic transmissions in small cars in Europe is not very great and to make the development and investment in capital equipment worthwhile they have to be produced in respectable quantities.

the transmission but share the production of components—

The reported investment in the new transmission is about \$45m by Renault and \$80m by Each company will assemble



Two cars from the joint development project between Flat, Saab and Alfa Romeo—the Lancia Thema (top) to be launched soon and the Saab 9000. The so-called "modular" assembly technique is used for both vehicles: the cabin is put together away from the moving production line.

another Renault joint venture company, Renix (part-owned by Bendix of the U.S.) will supply the electronic control system, for example.

VW is expected to assemble up to 1,000 units a day at its Kassel factory and Renault about 600 daily—at yet another joint venture plant, STA, owned 75 per cent by Renault and 25 per cent by Peugeot and based at Ruitz in the Pas de Calais region

Fiat is not the only company to have had joint projects go not exactly to plan. Both Daimler-Benz and BMW tried co-opera-tions with Steyr-Daimler-Puch of Austria but soon unravelled them. D-B and Stevr shared the development of a cros country, all-wheel-drive vehicle called the "G" wagon. But sales of this high-priced vehicle failed to come up to expecta-tions and D-B left the venture. Now Stevr makes any vehicles D-B wants under a straightforward supply contract.

BMW and Steyr were involved in a car diesel engines joint venture which ran into technical difficulties. BMW went its own way but kept full control of the Austrian plant which produces the diesels used in BMW cars and also sold for use by Ford in the U.S.

Nissan of Japan and Alfa Romeo of Itzly last year launched the joint project car which is called the Ama when sold through Alfa dealers and the Nissan Cherry Europe when sold through the Japanese group's European network.

Nissan agreed to this deal because Japanese cars are prac-tically excluded from Italy by

However, no more than 60,000 cars a year will be made and the reception of the newcomer by Nissan dealers in Britain so far has been less than ecstatic

The joint project involving Honda of Japan and Austin Rover, BL's subsidiary, is much more full-blooded. It involves the joint development of a luxury car and production in both Japan (where Honda will make its own version and a different one for AR) and the UK (where AR will produce both versions).

#### Headway

Both companies share the cost of developing and producing a low-volume model nd both should make more headway in difficult markets. Honda is facing various restric-tions on Japanese car sales in European countries—notably France and Italy as well as the UK-while the Western companies find it very difficult to penetrate the competitive Japanese car market with exports.

And for AR, the joint venture car, code-named XX, will take it back to the U.S. for the first time since it stopped selling MG and Triumph sports cars Important though these in-

be, the European co-operation which will probably have the most long-term impact on the industry is that between BL. Fiat, the Peugeot-Citroen-Talbot group, Renault, Volkswagen-Audi and Volvo. The companies are sharing some basic research which will have an important an inter-government arrangement which pre-dates the setting up of the Common Market.

which will have an important and materials supply, and flexing the ment which pre-dates the setting up of the Common Market.

#### New production technologies

## Enter soon the CIM-built car

THE WORLD'S leading motor manufacturers are groping their way towards production tech-nologies and manufacturing processes on a plane totally has gone before.

Groping is a fair term to use — for the conceptual, let alone practical, ingredients of the manufacturing systems taking outline shape are of such com-plexity that the industry is still having difficulty wrapping its mind round the subject. Computer Integrated Manu-

facturing (CIM) of a product so sophisticated, and comprising so many components, as a car is the challenge being taken up by virtually all the volume manufacturers wishing to sur-vive in the business long term.

It should not however, be confused with any individual production process advance—whether flexible production lines, modular assembly of car interiors or robotised engine assembly lines.

Instead, CIM provides a total framework within which the car "factory of the future" should be able to operate, and within which continuing advances in car design, changes in materials, even the nature of the assembly process, can be accommodated and absorbed. But in its ultimate form it goes much further in so far as anyone cares to hazard a guess at what the ultimate might be. As Mr Roger Smith, General Motors' chairman, points out, such is the acceleration in the rate of advance of technology that the world's storehouse of knowledge is likely to have doubled by the year 2000.

Sig Giuliano Cozzari, head of technology at Fiat Auto, des-cribes CIM in the motor industry as a "total, designbased revolution, involving computerised plants no longer being seen in isolation but integrated into a total system incorporating all the variables of organised production."

It provides a path down which Fiat, for one, will inevitably tread, though Sig Cozzari himself finds the end result difficult to visualise: "a whole series of conditions are required series of conditions are required before the threads can be woven into a single design." In Flat's case, he suggests, it will involve an "oversystem" responsible for flexible plant use, decisions on precedence

organisation and both indirect labour and clerical staff. A fuller explanation of how this manufacturing concept could work in its broadest perdifferent from anything that ceived form is provided by Dr has gone before. Eugene Marchant, director of advanced manufacturing re-

search at Metcut Research Associates in the U.S. Product design would be carried out through iterative communication between human designers and computers, the human supplying the design concepts and requirements and doing the creative work, the computer supplying stored and standardised information and carrying out design calcula-

During this process, the com-puters would constantly call for, and take account of, infor-mation on manufacturing costs and capabilities required to produce alternative features conceived by designers. The computer itself would then select the design which best satisfied product requirements.

at minimum cost.
Almost simultaneously, the production planning component of the system would be using this information to set up a production plan; choosing equipment, processes, operations sequences, conditions and other variables. This numerical information appeals to the production of the p information would be used to control automated production and assembly equipment. In and assembly equipment would automatically set itself up, handle parts, select tooling, carry out fabrication and

The computer system would compare the process's per-formance with the ideal, and should it prove inadequate, override the original plan. It would go on to adjust the whole system to optimum per-formance. The computerised machinery would inspect itself and the product, and replace its own tooling when necessary. The final product would be turned out fully inspected and

in full conformity with the original design concepts and requirements.
That, at least, is the concept And in the case of the motor industry, when extended into pliers, or into the placing of an order by a customer in a dis-tant showroom, the achievement of fitting the hardware to the concept might reasonably be called mind-stretching It is hardly surprising that Sig Cozzari finds difficulty in

John Griffiths

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## Changes as U.S. sales recover

CONTINUED FROM PREVIOUS PAGE

Petersen, the president, and by separating the non-North American businesses into two distinct units—Europe : Latin America—Asia Pacific.

Mr Lutz, who was previously responsible for all the Ford operations outside North America, says his personal move is a sideways one but Europe has been upgraded in Ford's scheme of things.

"We used to think it was a provide to the says and the says are says to say a

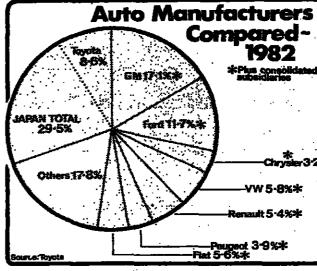
enough to run a good auto-motive business—but that is no longer the case. The industry must explain its position clearly, particularly to the politicians who have more power to change things," he main-

In particular, Ford is worried about EEC proposals to bring car prices within a 12 per cent-price band throughout the Com-munity.

These proposals are aimed primarily at bringing down UK primarily at oringing down Ox-car prices because the Commis-sion's competition department has received so many com-plaints about the differential between British prices and those in some Continental markets and about the difficulties some potential customers have had when attempting to take advantage of the situation and to buy cars in the low-price

#### Market leader

As market leader in Britain, Ford seems to have more to lose than most other com-panies. Admittedly, BL's panies. Admittedly, BL's Austin Rover subsidiary would find the going even more tough on the Continent if it had to keep its prices there within spitting distance of those on its price lists in Britain (very different, in fact, to what its cars actually cost once a big discount has been obtained). But General Motors would escape because it uses the Vauxhall brand only in the UK and sells its cars with the Opel label elsewhere in Europe. Therefore there is no, say. "Belgian" price for a Vauxhall



Mr Lutz, in turn, says the Ford plants in Britain have made tremendous strides in terms of quality and productivity but the company's Continental factories have not been standing still either so the UK establishments still have some tray to an to eateh un

in front of the others.

In the U.S., GM says it needs with their own "national cham-to spend \$6bn to \$7bn a year for pions," countries that sometimes the foreseeable future on new plants, innovation and new post those "champions" financial

manufacturing technology that it has been buying shareholdings in as many software companies it can find in the U.S. which are working on programmes for "intelligent" robots.

standing still either so the UK establishments still have some way to go to catch up.

M Calvet and M Hanon of Renault are both looking for increases in productivity of about 7 per cent a year from their workforces. Not just at the assembly plants but at every level of their organisations. Fiat has achieved the 7 per cent productivity improvement for the past three years and intends to continue the same sort of progress.

Volkswagen's objective is a 4 per cent to 5 per cent improvement but chairman Herr Hahn points out that the German industry started well in front of the others.

Commanies are also putting

Companies are also putting more capital investment behind each employee who remains with them. Renault, Flat and VW are each spending the equivalent of \$1bn a year and the Peugeot group is not far their own "national chambelind.

Job creation

In Europe, short-term difficulties preoccupy the French and German makers and give a reminder that there is no such thing as a "European" industry, just a number of countries with their own "national chambel." plants, innovation and new post those "champions" financi-product development if it is to ally to preserve the jobs they remain among the top ranks of still create.

"Belgian" price for a Vauxhall model to be compared with the British one.

The money is going to regular factories throughout the Ford of Britain. warned harmonise prices put Ford's British manufacturing onerations under the biggest threat in some continental car plants because "it costs us more to manufacture in Britain."

The money is going to regular factories throughout the lindustry with the kind of autoprocomputers make possible. "Seeing" and "think-ing" robots are already installed the group suffered some the jobs question in the force the jobs question is the domestic industry's greatest current concern. The selves as well as against the Peugeot-Chroen-Talbot. Soup one another. In the circumstant further 20,000 went last year and the group suffered some the jobs question is the domestic industry's selves as well as against the Peugeot-Chroen-Talbot. Soup one another. In the circumstant further 20,000 went last year and the group suffered some tin some continental car plants and GM is so determined to take the lead in this particular has cut 10,000 jobs without try.

drama and many more will go as part of a rationalisation programme the company hopes to negotiate with its unions. The German manufacturers

between them lost the output of an estimated 423,000 vehicles during the strike but by working through the holidays, working overtime and putting on extra shifts: expects to make up about one third of the losses.

Meanwhile, the flood of im-Meanwhile, the flood of important new models from the Europeans continues. For example, in the past few weeks Renault has launched the replacement for the R5 which it hopes will become Europe's best-selling car in a very short time while GM has replaced the Opel Kadett/Vauxhall Astra, its hest-selling European car with best-selling European car, with a substantially different vehicle. The U.S. group hopes it will add one third to the sales volumes reached by the previous Kadett/

on stream today are cheaper to produce than the old ones to produce than the old ones because they were computer-designed to be that way. But instead of retaining extra margins of profit, the manufacturers are forced to pass on the savings to the customers in the form of lower prices.

Since GM brought its new Spanish plant into operation two years ago its European market share has jumped. Now only 2.5 percentage points separate the top six car makers in the European sales league. in the European sales league as they jostle each other and attempt to keep up with the

The cars which are coming

At the end of August this year Ford had a 13.1 per cent market share (up from 12.9 per cent); followed by Fiat with 12.9 per cent (11.9 per cent); VW-Audi 11.6 per cent (11.9 per cent); GM 11.3 per cent (11.4 per cent); Peugeot-Citroen-Talbot 11.2 per cent (11.7 per cent); and Renault 10.8 per cent (12.2 per cent). Total sales in the 17 West Total sales in the 17 West European countries by end-August were 3.7 per cent down on the same period of last year at 7.118m cars and because of the German problems are unlikely to match 1983's total of 10.49m:

The European companies compete fiercely among them-selves as well as against the North Americans, preying on one another. In the circum-stances it is difficult not to helieve that before long there



THERE IS something of a coning the way from his starting "experimental cars" to give an have experimental cars on trial and to 13 per cent by 1995 as sensus within the motor induspoint to the final destination.

THERE IS something of a coning the way from his starting "experimental cars" to give an have experimental cars on trial and to 13 per cent by 1995 as For example, engine-transmis day's drivers is the fact that designing, making and supply-sensus within the motor induspoint to the final destination.

THERE IS something of a coning the way from his starting "experimental cars" to give an have experimental cars on trial and to 13 per cent by 1995 as For example, engine-transmis day's drivers is the fact that designing, making and supply-sensus within the motor induspoint to the final destination.

THERE IS something of a coning the way from his starting "experimental cars" to give an have experimental cars on trial and to 13 per cent by 1995 as For example, engine-transmis day's drivers is the fact that designing, making and supply-sensus within the motor induspoint to the final destination.

And we are already close to future vehicles developing.

THERE IS something of a coning the way from his starting "experimental cars" to give an have experimental cars on trial and to 13 per cent by 1995 as For example, engine-transmis day's drivers is the fact that designing, making and supply-sensus within the motor indusply and supply-sensus within the motor indusply. wards the average car will be the stage where a microassembled from plastic panels computer can monitor all the how today's electronics can be rely heavily on plastics. glued to a lightweight metal or car's important functions and used to "manage" the engine's Plastics have already

Plastic components, we are told, will also play a significant role in the new engines and transmissions to be introduced in the next decade.

An essential element in this car of the future will be a nicrocomputer to "manage" the engine and transmission, making sure every split second that both are in perfect har-mony so as to maximise road

performance where fuel consumption.

And there is the key to all the efforts being made to transform the car of today—the industry is determined to reduce dramatically the car's depend-

ence on fossil fuel.

But there are a variety of other requirements made of the car: a high degree of vehicle safety, low noise and exhaust emissions, good value for money, a high degree of mobility and reliability, good protec-tion against corrosion and low purchase prices, are just a few of the technical challenges the industry must face.

#### New technology

Toyota predicts, for example. that sensors and actuators built into a system that duplicates the driver's five senses—and maybe even his sixth sense and make the car respond accordingly are certain to be developed in the not-too-distant

"Sensors may well be able to detect oncoming danger, soan road and highway conditions in the immediate area, and trigger emergency stops, "J" turns, emergency stops, "J" turns, spin turns and other drestic measures to ensure the safety of car passengers," Toyota sug-

developed to provide the car with much more two-way communication with the world around it. New technology will complete access to all available data and information rather than the present situation where the information is unidirectional via radio, road signs

and billboards: There is a limit to what the

. . 1.7

cover

give the driver information or and transmission's operations.
warnings as necessary.

Toyota, too, with its "TCCS" warnings as necessary.

Whether this will be done by way of synthesised speech or bleeps and buzzes has still to be decided. Initial reaction to today's "talking" cars has been tinged with impatience and Peugeot is one company which has decided to go for other operate at the maximum pos-andible warnings rather than sible level even in the event of

So far it is not particularly clear which fuel will be most commonly used to power future cars. Chemical substitutes for commonly used to power future cars. Chemical substitutes for commonly used to power future cars. Chemical substitutes for commonly used to power future cars. Chemical substitutes for commonly used to power future cars. Chemical substitutes for commonly used to power future cars. Chemical substitutes for cars. commonly used to power future cars. Chemical substitutes for oil-based fuels-liquefied, gassifled and powdered coal: solargenerated hydrogen and even nuclear fusion-generated hydrogen—are all seriously being investigated as energy options. According to Toyota, the hydrogen engine is considered the most likely candidate in the

race for oil alternatives. The Earth's atmosphere and the Earth's water can supply almost unlimited amounts of hydrogen. But in order to make nonpolluting, efficient use of it, and in some cases losses, for
Europe's volume car producers,
Europe's volume car producers, another new material—must be further refined.

And before hydrogen can be used in today's engines, the problem of hydrogen-induced metal fatigue must be solved. One possibility is an all-ceramic engine, which would avoid the problem completely.

However, Dr Ulrich Selffert

Volkswagen's head of research and development, says the use of hydrogen—at least in the medium term—is limited both by the problem of storage (a drawback it shares with elecdrawback the U.S., the willingness of the U.S., the willingness of alternative fuels can be represented to methanol and I.P.G. (tiquefied petroleum gas). The makers' products has become question of future lead-free increasingly appearent.

At the same the company of the simply because large numbers ing new models and variations of extra fuels cannot be offered on old ones to be introduced at at the filling station," Dr Seif- a fraction of the capital investfert points out.

has shown highly integrated and concentrated control of engine and automatic transmission functions through the use of a microprocessor-based computer. The system incorporated an advanced self-diagnostic capability to allow the engine to operate at the maximum possome malfunction.

VW's 2000 in particular showed French government and which

Plastics have already transpolyurethane for seat cushions. spoilers, steering wheels; PVC for seat and door trim; ABS for interior trim parts and radiator grilles; polyamide 6 and 66 for wheel trims, mirror housings; acrylics for lens covers; poly-prolylene for interior trim components, bumper caps, steering wheels, air intake housings, in-

had plastic panels fixed to a mic Intelligence Unit report, high-strength, zinc-coated steel the use of plastic materials in frame. BL's "ECV3" fixed the European cars will increase plastic panels to an aluminium from about 8 per cent by weight frame. Remault and Citroen also in 1982 to 9.5 per cent in 1990,

Forecasters have also attemp-

ted to predict the use of electronics in cars. For example, a formed the car interior — a recent Frost and Sullivan fore-wide variety is used today — cast suggested that the value of cast suggested that the value of is transmitted using the con-plastic car, designers still have electronics used in North tact principle, for instance using a great deal to learn about the American cars will jump from \$600m in 1982 to \$2.5bn in 1988 thus taking half the total electronics market.

#### Electronics market

about half the 1988 expenditure would be for drivetrain controls and another 19 per cent would go on instrument display panels. According to a recent Econo- forecasts to turn out exactly right and there are some sub-stantial obstacles to be overcome before the electronicsplastic car can find its way to

CVT (continuously 'ariable systems holds the engine's revs transmission) in which the at the same "optimum" point transmission ratio can be con-nearly all the time. tinuously altered and the torque

hnk chains. sions. The industry hopes this recently learned to adapt to the is because of their extra cost car makers' quality control and the fuel penalty they brought in the past. However, the research also shows that by the proliferation of patented materials and processes offered materials and processes offered materials and processes offered have a manual gearchange.

And driving with electronically "managed" drive-train requires a technique train requires a technique the car makers have come to entirely different from that used expect from their major

As for progress towards the a great deal to learn about the hink chains.

But so far European car their uses as engineering drivers have resolutely resisted a switch to antomatic transmishas this experience but only

many people feel that if driving is to be "fun," the car must by the plastics companies. Also there are relatively few large kind of technical capabilities

Perhaps most important of all, the European motor industry is strapped for cash. Many companies have been suffering losses and hardly any have been making a decent return

So the need to contain production and investment costs may well hinder the more widespread adoption of plastic for body panels other than for bonnets and boots (trunks) or hatchback panels.

Accordingly, the car makers will be in no desperate hurry to turn their backs on 50-odd years of metal-bashing ex-perience and vast investment in pressing and welding equipment to make way for plastic.

Kenneth Gooding

## Record results for the up-market producers

IN A year plagued with problems of poor profitability, companies operating in more specialised, upmarket niches have been enjoying record

results. For Volvo, Saab, Jaguar and Porsche, a major factor in their performance has been the strength of their sales in the North American market—their most valuable — particularly given the carcumstances of the highly favourable exchange rate in which they have been

For instance, to sell various grades of unleaded and leadel single model, have un-expectedly swung the profitpetrol, each filling station would expectedly swung the profit-need five pumps and the tanks ability balance in the smaller to feed them—an expensive manufacturers favour. driver can cope with, of course, but autonomous guidance to feed them—an expensive systems will in the inture be of great help, relieving the driver of some of the burden of find
driver can cope with, of course, need five pumps and the tanks ability balance in the smaller ability balance in the smaller philosophy which has marked the full the majority of small car sales.

Thus while they tack the full the majority of small car sales.

Thus while they tack the full the majority of small car sales.

The strategy has paid off. Last of turbocharging by any carporation.

The strategy has paid off. Last of turbocharging by any carporation in the smaller ability balance in the smaller ability balance in the smaller application of the majority of small car sales.

The strategy has paid off. Last of turbocharging by any carporation.

The strategy has paid off. Last of turbocharging by any carporation.

The strategy has paid off. Last of turbocharging by any carporation.

The strategy has paid off. Last of turbocharging by any carporation.

more a year, their ability to charge higher margins on their cars, coupled with relatively fower overheads and the new "flexible" production technology, has made nonsense of predictions in the late 1970s that only a length of the year than \$25 has now plants to spend on the result of the year. that only a handful of the very manufacturers would survive into the 1990s.

Voivo provides a good case in point. At the time those pre-dictions were being made, it did indeed look as if Sweden's largest car make for this world. t car maker was not long

While Volvo had a reputation for safety, the cars lacked the image of a Mercedes or BMW, and the company was faced by the twin problems of mounting Japanese competition and scar-ing oil prices, which at the time appeared to pose a major threat to larger car sales. Volvo decided, however, that

survival lay in moving its entire image up-market. The 200 series cars were upgraded, and Volvo moved firmly into the executive sector two years ago with the launch of its 760 models. At the ment required previously in in Holland underwent a careful production lines dedicated to a upgrading, with its marketing single model, have and high equipment levels, and

year—roughly the volumes being achieved by Mercedes and BMW in 1982.

The investment programme is by far the largest undertaken by the company. It should lead to one new model (albeit often based on existing ones) every six months over the period. The position at Saab, part of the large Saab-Scania aero-space and vehicles group, has been very similar. Again, investment in new products throughout the 1970s was low, and increasingly it found its

vehicles being overshadowed

The 9000 is Saab's first allnew car for 17 years. But even though it will not go on sales.

by 25.3 per cent in 1982, by costing more than \$21,000. 42.1 per cent last year and by But, like Jaguar, it has 35.6 per cent in the first five using its increased returns to months of this year.

120,000 by the end of this year. commission. from volume manufacturers.

The decision was taken, if not to abandon entirely the cheap end of the market — has also fared well financially. Perceived to be at the "cutting the retention of the market — has also fared well financially. Perceived to be at the "cutting the retention of the market — has also fared well financially.

West Germany's product.

hit—like other German manu-facturers—by the metalworkers' charged version of the 944 strike in May and June which model, while plans for a fourproduction of 265,000 units. It became the single most successful European exporter to the U.S. with over 88,000 units sold. Its performance has been such that it now plans to spend more than \$2.500 new plants and production facilities over the next five years. By thez, it should have enough production capacity to build 425,000 cars a year—roughly the volumes spend of 137 miles per hour.

Saeb considers it is now performance has a maker of high-performance cars with a cleived primarily as a maker of the 944 model, while plans for a four-tost the company production of its rear-company production of its performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a cleived primarily as a maker of high-performance cars with a company production of the Sato performance cars with a company production of the Sato performance cars with a company production

> Porsche shares with other the U.S. until late next year, European luxury car makers Saab's success in improving its anxieties about the U.S. Adminiimage has already shown up stration's proposals to remove in sales there. They increased tax-deductible status from cars

> But, like Jaguar, it has been strenghen its marketing presence in the U.S., following Overall, Saab's sales rose presence in the U.S., following from 85,000 in 1982 to 95,000 that year. Production rate, 105,000 a year at the start of 1984, is planned to have reached have "agents" sell the cars on the the part of the start o

represented by its 99 cars — For the first time, the group edge" of vehicle technology and then to concentrate more on broke down its financial per- with a high degree of engineerthen to concentrate more on broke down its financial perdeveloping variants aimed more formance by divisions last ing integrity. And the conclearly at the executive sector.

The launch of the 99 Turbo — (\$94m) profit for its car its sales appeal it must continue to invest heavily in a new

This will show up shortly in

the company has gone from almost being closed down in 1980 because of its losses, poor productivity and worse car quality, to making a £51m profit

Sales have more than doubled frwom 1980, to an expected 33,000 in the current year. Recently, Jaguar began a recruitment campaign for another 530 workers, bringing its employment back up to 10,000 from the 7,200 low point

The company's performance has been such that the offer for sale was eight times over-£297m. Investors were encouraged by some stockbrokers' reports that profits this year could reach £85.5m; adequate, it is argued, to fund the £70m a year investment Jaguar will need to make to remain com-

John Griffiths



The Ford Cargo 1617 shown here is running at 22 tonnes gross and is packed with fridges, freezers,

But, unbelievably, its a 16 tonne rigid, doing more than the work of a forty foot articands aving thousands of pounds for the South Eastern Electricity Board. Fordare opening up some remarkable opportuni-ties to save money, with the widest and most efficient

range of drawbar configurations on the market.
We have National type approval on all Cargo
trucks up to 32.5 tonnes GTM. Making the Cargo
system the most flexible of all.

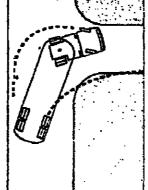
More loadspace less tax.

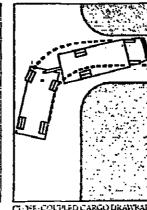
A drawhar offers you up to 50 feet, or more, total body length giving an extra 25% more usable loadspace than an artic. This means you can carry more on every trip, reducing the number of journeys

necessary and saving money on running costs. As well as saving running costs with a drawbar you also save tax. The 1984 budget gave even greater annual tax savings, against an equivalent weight artic, of up to £1,270° per truck. And that can save a lot of money for a large fleet operator.

More manoeuvrable than an artic.

Thanks to Cargo's superb manoeuvrability and the latest drawbar linkages our drawbar trucks are outstandingly easy to drive, even in urban conditions. According to a recent Motor Transport article on drawbar handling. The trailer followed very well, cut-in even on sharp bends was minimal ... At no ume during the 50 mile run was I conscious of the length." On top of that a drawbar can be driven on a class 3





The Seeboard story.

South Eastern Electricity Board are completely reorganising their appliance distribution around Cargo 16 tonne drawbar trucks and a demountable

Local distribution is handled by a fleet of Cargo 7.5 tonners. They project savings of thousands of pounds a year. In addition, Seeboard will make major cost savings on new district depots since appliance stores buildings will not be required.

Unbeatable experience and back-up.

Other Cargo drawbar operators include Rank Hovis McDougall, the Co-operative Wholesale Society CONVENTIONAL 32 TONNE ARTIC CLOSE-COUVLED CARGO DRAWKAR and Associated British Foods.

In fact, Ford's experience in this market is unrivalled by any other British manufacturer And, naturally, Cargo drawbars have the benefit of the best and most extensive dealer back-up in the country.

Drop in to your local Ford Truck Specialist Dealer.

He'll show you how much you can save by taking advantage of the Cargo drawbar range and Saving refer to a Cargo 1520 with GTM of 32.5 tomes

FORD CARGO



Ford cares about quality.

Considerable over-capacity in Europe has not deterred manufacturers from trying to capture further shares, as John Griffiths reports

## New models: a still-widening choice for customers

emphasise the fact chat there is little prospect that the intense competition in Europe's volume cars market will abate for the forseeable future.

Vehicle-producing capacity in Europe currently stands at about 2.3m units, or pearly 20 per cent of the total. placement for its R5 small hatchback, and Opel/Vauxhall's new Kadett Astra, will do nothing to make the overcapacity diminish.

Both have set highly mbitious targets for sales of plans to build its new 5 at the

And in the slightly larger less in which the Kadett/Astra competes, Volkswagen's Golf 2 looks set to build on its market-leading 442,295 sales of last year—in which, it could be argued, sales were in any case depressed because of the phas-ing out of the "old" original Golf model.

#### Spoilt for choice

But if the rash of new models and big-volume production plans are leading towards a potentially major problem for the manufacturers themselves, ers have never been so

Among the cars recently announced, or for introduction in the near future:

From Alfa Romeo, the "90" series of large saloons, about to go on sale on the Continent, ad pitched between the Alfetta and the company's largest, and distinctly unsuccessful, saloon, the Alfa 6. The car has engine capacities varying between 1.8 and 2.5 litres. Alfa Romeo plans a new model a year over the

Voikswagen's market sister company has just launched a revised version of its 80 upper-medium saloon, with some body restyling, improved efficiency and a classification as the "90."

Recently, it unveiled the 200T. a turbocharged version of its 100 executive car—claimed to be one of the world's fastest production saloons with a 144 mph top speed—fitted with four-wheel-drive.

from BL's volume cars division Apart from the Montego saloon fleet market, it launched earlier this year the Rover 200 series, the follow-on model from its Triumph Acelaim produced under licence from Honda, and

Last month, the company an nounced that the 2-litre fuel injected engine of the MG Montego was being installed in the Maestro hatchback to make it a VW Golf GTi contender.

At the Motor Show it is unveiling a revamped Metro, with a restyled front end and of its Astra range; Renault the option of five doors, plans to build its new 5 at the together with a seven-seater rate of 2,800 a day—670,000 a estate version of the Montego and minor changes to its Rover SD1 executive saloon range.

The new model impetus will not slow after the Motor Show. Early in the New Year 6-litre versions of the currently 1.3 Honda-engined Rover 200 will be launched, including a 1.6-litre Vitesse version. There will also be a turbocharged MG intego aimed at the sporting executive sector.

The significant ming of the West Gen-BMW: The man executive car maker's sales due largely to the success of its smallest 3 series models—which now account for almost half of total production is being comple-mented with the launch of three models aimed at improving his position in more expensive

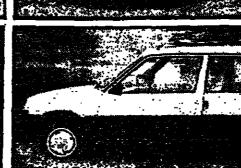
The Motor Show sees the UK launch of the M635CSi, the first four-seater coupe to take BMW firmly into contention with the fastest of the exotic "supercars." With a claimed 158 mph. performance from a 3.4-litre ngine developed from its M1 racing car, its price in the UK will be over £30,000.

The M535i is a 140 mph also using a 3.4 litre engine, but The third model is the 518i, a fuel-injected model failing just below the 1.8 litre tax bracket.

Citroen: The trend towards higher performance cars shows up in Peugeot's subsidiary with the launch of the CX 25 GTi Turbo, which went on sale in France this month. It is the factor calculations of the cartest calculations of the cartest calculations of the cartest calculations of the cartest calculations. fastest saloon Citroen has ever built, with a claimed top speed







Top left: Reliant's new SSI sports car, filling the gap left by the demise of MG and Triumph sports cars; top right: Austin Rover's restyled Metro and (bottom) the Montego estate with the new Renault Superfive

Fiat this year followed up the a "booted"—and much modi-fied—version of its larger Ritmo/Strada hatchback. Both have helped Fiat raise its sales in Europe to the point where it is vying with Ford for market leadership and it, too, is plan-ming to produce new models at the rate of at least one a year, with the next up being a replacement for its aged Argenta "executive" car.

In the economy car stakes it has just introduced a four-wheel-drive version of the Panda which is now the cheapest four-wheel-drive car available from a European manufacturer.

which Ford invested £140m to produce at Dagenham.

#### Growing market

The cars were launched in the expectation that diesels will expectation that diesels will But disguised prototypes seen continue to take a growing on the road confirm that it is share of total European car no smaller than the existing car, sales, having already reached and that leather and walnut over 10 per cent. What have interior trim will continue to be not materialised, however, are used.

Fiests fitted with continuously Meanwhile, demand for Fiestas fitted with continuously Meanwhile, demand for successful grand prix engine. revisions to the rest of its pro-bracket, with a 140 variable transmissions, which Jaguar's Cabrio open-topped Mercedes plans to build about duct range for 1985. These in-charged V6 model.

with Van Doorne of Holland and planned to be used by Fiat as well, is proving difficult to tities but Ford hopes to have its model on sale by August of

Meanwhile, it is just launching revised versions of its Sierra

Next year should see the launch of Ford's long-awaited replacement for its ageing executive car, the Granada, Honda: With its collaboration with Austin Rover on new joint

executive cars (dubbed ARX and HX in their UK and Ford: One of the notable and HX in their UK and introductions this year was of Japanese versions) moving diesel-engined Escorts and towards production late next Fiestas, using a 1.6-litre unit in year, Honda is expected shortly to move further into the executive sector with its existing cars —by means of a 2 litre version of its Prelude coupe. Jaguar's new XJ40 saloon is not expected until next year.

and that leather and walnut head developed by Cosworth interior trim will continue to be Engineering, the UK company used.

which built the world's most

have been converted on a subplant in Coventry.

Lancia next mouth will launch its new executive car, the ema. It is one of the variants of the "Type Four" collabora-tive project which will see also cars from Saab, Fiat and Alfa Romeo. Lancia's range has already undergone considerable strengthening in the past year. the most recent model being a 122mph version of its Delta hatchback, the Delta HF Turbo.

Lotus will not introduce its Lotus will not introduce its X100 "cheap" — i.e. under £10,000—sports car until 1986 at earliest (it will be frontengined). But considerable improvements to its current model line up are being unveiled at the UK motor show.

Mercedes has now built well over 200,000 of its Sierra-sized form is claimed to be capable of 1982, and is expanding the of 150 mph, and its Silvia coupe,

of 1982, and is expanding the range's appeal with a high-performance, 16-valve model, the 190E 2.3-16 using a cylinder

Ford had hoped to have on the XJS coupe has been such that 7,000 a year of the 145 mph market by the end of this year. production is being moved from cars, which go on sale in the transmission, developed Frazer Tickford, where cars UK early next year. It is also close to launching

its 240 series replacement for its mid-range 200 cars. The new models are expected to follow closely the wedge shape of the 190.

Mitsubishi has renewed almost its entire range in the past 12 months, the latest arrival being up upper-medium saloon, the Galant.

Morgan, the specialist UK producer of 1930s-type sports cars, has added a new model using Rover's 3.5 litre Vitesse engine

of 150 mph, and its Silvia coupe, a 130 mph turbocharged fourseater coupe aimed at the £9,000

sector. Opel/Vanxhall, apart from the introduction of the Kadett/ Astra, is making mostly minor matic transmission with lock-up converter for its Opel Monza coupe and Senator executive van with a sharply-taked cars, and anti-skid braking as being produced in collabor an optional extra. Vauxhall's e is being reintroduced on the Senator in the UK.

The Opel Rekord/Vauxhall Carlton medium executive saloons, which have seen a big sales upsurge since they were restyled two years ago, are being modified to meet catti-cisms of lack of power by the introduction of a 2.2 litre engine

instead of a 2 litre unit. Pengeot, the major French cars group is now stemming its losses, thanks not least to the highly successful launch of its 205 "supermini," which knocked the old Renault 5 off its bestseller's perch in France last year, and which is now being produced at almost double the original annual target volume

Earlier this month, the company took its 305 medium saloon further up-market, with a 113 mph GTX wersion of 1.9 litres.

Much interest is focussed on the C28 range of new medium cars the company is to produce In the TIK as well as France from the middle of next year. Porsche, West Germany's luxury sports car maker, is shortly expected to launch a turbocharged version of its 944 two-plus-two coupe.

Renault's long-awaited new R5, unveiled at the Paris motor show earlier this month, retains a visual link with its presor but has more interior room, a larger window area, and cona larger window area; and con-siderably improved fuel effici-ency. Renault is pricing it aggressively, the cheapest model being pitched below Pengeot's

includes a turbocharged sports model. At the other extreme, Renault is claiming that the R5 has the world's lowest consumption for a petrol-engined car—68.9 mpg at a steady 56 mph.

Little less significant for Renault has been the introduc-tion of its "25" range of executive saloons, its first in the sector for nine years.

As of this month, it has extended the 25 range—seen first as a competitor to Ford's Granada, Opel's Senator, Audi's 100 and BL's Rover saloons into the very high perofimance bracket, with a 140 mph turbo-

Remailt has also made a hit with its Espace, a seven-seater "people carrier" resembling a van with a sharply-taked front, with Matra, the French sere-apace glant. Inkial plans were to produce about 10,000 a year but demand has been such that up to 40,000 a year may be

Rolls-Rayce will be showing Bentley S and much more expensive Bentley Continental models, Jaunched in the summer as part of a drive to promote the Bendley marque-which used to account for nine

#### Executive class

Seeb is launching it first all new car for 17 years, the 9000, which takes the company into a which takes the company into a market sector occupied by the likes of Jaguar and the more up-market cars from EMW and Mercedes. The 137-mph car will be built at an initial rate of 10,000 units a year, rising to 25,000 a year in 1966. It will go on sale in Europe in

Toyota, Japan's largest car maker, is just starting imports to Europe of the MR2, the comtwo-seater sports car market. The 130-mph, mid-engined, 1.5-litre car uses a 15-valve engine from Toyota's Corolla coupe.

Volkswagen, with its new Golf still piling up sales and recently reinforced by the launch of the "booted" Jetta version, has taken its Scirocco coupe further upmarket with a "Storm" version equipped with aero-dynamic aids and high specificaupholstery.

Shortly, the Scirocco and Golf will take another step up the performance ladder with the introduction of a 16-valve, 135 bhp engine which should take both into the 130 mph

The company also unveiled at the Paris motor show its first four-wheel-drive machine, a variant on the Passat estate called the Syncro. It uses the permanently engaged and system developed by Audi and is aimed, says VW, at improving safety and handling on ordinary roads rather than providing of the call of the cal road ability. There are reperts, too, of plans for 4wd availability

## There's a four letter word used less often by Scania drivers.

Ever seen a Scania truck actually taking

They do of course, but it's less often than a lot of other trucks. Why?

Ever increasing traffic density, more and more sustained high speed running, and operator demands for more engine power with better and better fuel consumption, means constant engine development

To meet these demands the Scania engine range includes three Intercooled

With very high, flat torque output, they cive the driver maximum pulling power over a wide engine rev range. Plus a more relaxed drive, with fewer gear changes. And that, of course, helps reduce that all-important fuel consumption.

There's more good news. Scania trucks represent the ultimate in



ough and handsome cabs. The latest are available in three sizes, aerodynamically designed and contoured to give 20% less air resistance than previous models. Add Scania wind deflectors and air resistance can come down by 30%.

And lower air resistance means lower fuel consumption.

Even then, that's not the end of it. The owdown on Scania fuel economy goes on and on without a step,

Scania (Great Britain) Limited, Tongwell,

Tel: 0908 614040. Telex: 825376.

## FINANCIAL TIMES SURVEYS

The Financial Times proposes publishing the following Surveys in 1984 and 1985 on the

## MOTOR INDUSTRY

·	
Commercial Vehicles	7th November 1984
Diesel Engines	19th December 1984
Vehicle Fleet Management	February 1985
Buses and Coaches	April 1985
Executive Cars	June 1985
Vans and Light Trucks	July 1985
Motor Industry	October 1985
Commercial Vehicles	November 1985

For further information on the above Surveys please telephone, Colin Davies on 01-248 8000 extension 3240

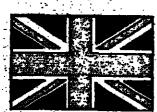
at Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all surveys are subject to change at the discretion of the Editor.

There is little let-up in the pressure from imports, as Kenneth Gooding reports

## Still struggling to compete



 $j \in S(\ell) \cup p \in \mathbb{C}[r]$ 

tar th

The UK

A GREAT DEAL of money and much effort has been spent to nurse the UK motor industry back to health from its near-fatal sickness of the 1980s. Much has been achieved, but the industry is still a very sorry sight when compared with those of other countries.

of other countries.

For example, Britain is the only major European production country which perentally is in the red on its car trade with the rest of the world, one important indicator of its ability to compete:

deficit in car trade was £2,69th.

a 40 per cent worsening from
the £1,94thn the previous year.
Car exports dropped from having a hard time this year.
313,025 units worth £932m to having a hard time this year.
After pushing up output from After pushing up output from 924,140 worth \$89,840 in 1982 to 483,183 last rose from 934,140 worth year, Austin Rover suffered a £2,876bn to 1,075,835 worth 13,5 per cent drop in the first

In the first half of this year 189,380. the position eased but only alightly. Car imports were worth £1.931bn compared with fl.986bn in the same months of that, although it might have 1983. Exports improved from some attractive new cars, its 5447m to £517m, leaving an dealer network on the Continent 1983. Exports improved from \$447m to £517m, leaving an adverse trade balance down from £1.539bn to £1.414bn for

the six months.

An alarmed UK Government has been pressing the two major importers, Ford and General Motors (the Vauxhall-Opel group), to build more cars in Britain rather than import them from their Continental factories.
And Ford has promised to
comply, but the chairman of
Ford of Britain, Mr Sam Toy,
says his company cannot hope
to get back to a positive balance of-payments position until 1988

at the earliest. Imported cars accounted for 46.28 per cent of Ford's total sales in Britain last year. By the end of September the proportion was down to just over General Motors' rapid sales

In the first half of this year GM boosted its share of centralise the efforts being made of Britain's car market from 14.18 per cent to 17.61 per cent and its registrations rose from 130,652 to 166,251. Yet in the same neried the words. same period, the group's car assembly at Luton and Ellesmere Port on Merseyside

fell from 68,975 to 67,698. GM has told the UK government that its patience will be rewarded now that the new Vauxhall Astra has gone into production at Ellesmere Port. As output builds up there, so the imported content of GM's sales should come down to nearer the Ford level.

Fall in output

... In the meantime there is ability to compete:

In 1983, when sales of output this year will drop back imported cars in the UK topped Im for the first time, Britain's that level in 1983 for the first deficit in car trade was £2.69bn.

year, Austin Rover suffered a 13.5 per cent drop in the first half of 1984—from 219,080 to

increased its UK sales during the half-year but has found

UK car production

Jaguar/Daimler .....

Rolls-Royce/Bentley .....

Total BL Carbodies

Talbot UK

Lotus ..

Others

expense of imports. Last year and its sales in markets such the Iranians must continue to over 53 per cent of its total in Italy have been mangled by sales were imported cars. By the bloody price wars which the end of September the have developed there. the Peugeot subsidiary. In 1983 import content was nearly 58 A recent restuffle of the Iranians found the cash and the Iranians found the cash and the Iranians found the cash and the Iranians found the cash and the Iranians found the cash and the Iranians found the cash and the Iranians found the cash and Iranians found the Iranian

And the scheme to have its cars sold as "own-brand" products by the Massa supermarket chain in West Germany shows Austin Rover is not against attempting an immovative approach when tackling the Continental markets.

But Austin Rover remains in the unfortunate position of being the producer of a full range of cars which must compete with companies such as Fiat, Volkswagen and Renault which produce over im cars a year each, yet without having the distinctive image of, say, BMW, Saab or Volvo which enables those companies to survive and make profit on rela-tively low levels of output.

Ford has also fallen back this Ford has also fallen back this year after increasing car production in the UK from 306,635 in 1982 to \$18,675 last year. The company's output in the January-June period this year dropped by nearly 4 per cent, from 174,140 to 167,300. GM was a long way behind both Ford and Austin Rover last year with output up from 112,669 to 126,524 cars but as 112,669 to 126,524 cars but as previously mentioned, also retreated in the first half of

27,977 12,181

473,344 2,171 318,674

120.503

1,044,597

56,235

first half 189,378

> 211,988 167,299 56,839

Talbot's output was boosted from 56,235 to 120,505 cars, There was another hiccup in the provision of letters of credit by Iran earlier this year and as a result Talbot's car output was down from 66,775 to 56,840.

Once again, the UK Govern-ment has been told that in Talbot's case it must also wait for some time before the company's output for the British market improves. A £20m pro-

relatively ancient Hor Solara and Alpine models.

-Mr Katsuji Kawamata, the 79year-old chairman was local car dealer and their perimplacably opposed to the scheme which he thought might turn into a white elephant—the research shows that car delayed the decision for two dealers have an exceptionally

delayed the decision for two years.

Nissan has only just begum preparing its UK site at Washington, Tyne and Wear, for a token assembly facility to produce 24,000 cars a year from Japanese kits. The project might go to a second stage—many Nissan executives enthusiastically support that idea—but will not contribute significantly to UK car output or exports until the end of this decade.

dealers have an exceptionally problic is concerned.

The industry needs all the because tooming up are Common Market regulations which are designed to please consumers but, if the car makers are to be believed, could decimate the British requirement to provide a support it can get because tooming up are Common Market regulations which would have the effect of keeping prices within a 12 per cent

The non-appearance of Nissan band throughout the Comhas given Austin Rover one less munity.

potential headache in its domestic market where the battling American giants, Ford and GM, threaten to squeeze it severely.

In an 800-page study of the European industry's prospects published earlier this year, Prof. Krish Bhaskar, Professor of Finance and Accounting at the Victorian Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of Finance and Accounting at the Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry's prospects and Company of the European industry in the European in

has returned to the fray with were at risk if the EEC's pro-forceful dealer incentive pro-gramme which threatens to full. And he indicated that spark off a battle even worse Austin Rover's prospects of than one which shook the UK returning to profit — or even trade in the summer last year, surviving—would be very dim As a result car sales this year indeed.

been almost entirely at the is too weak to take advantage production is to top 1m again, could come close to matching 1983's record 1.79m.

Certainly Ford is determined to maintain its share within striking distance of the 30 per cent it believes it needs to justify the investment it has made in new models and to keep its dealer network in a healthy state.

GM, whose penetration was below 9 per cent three years ago, expects to reach about 18 per cent next year and 20 per cent soon after.

In the circumstances Austin Rover has had to run very hard pany's output for the British Rover has had to run very hard market improves. A £20m programme to modernise the stabilised its position but, even the much-heralded Montego—under way and the company will build a new range of cars—of to fleet buyers—has so far medium-size—at the Ryton, factory which currently produces the share which is so psychologically important to its dealers and to the company itself to the company itself.

Solara and Alpine models.
The new car, code named C28, should put in an appearance late next year.

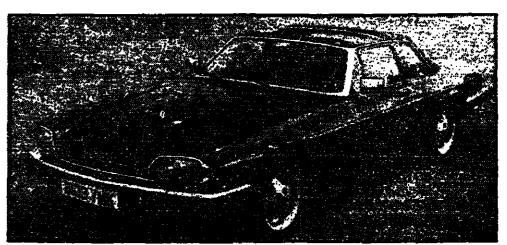
If the British Government had had its way, car output this year would have been considerably boosted by a major Nissan plant, pouring out cars at the rate of 100,000 a year.

But Nissan's interval had.

But Nissan's internal battles average customer's view of the -Mr Katsuji Kawamata, the 79- industry is what they see at the

ing prices within a 12 per cent

After a brief respite in the the University of East Anglia, price wars in the autumn of warned that up to 3m motor 1983 and spring this year, Ford industry-related jobs in Europe



Jaguar's XJS 3.6 Cabriolet coupe: production is being transferred from the subcontractor

#### World vehicle production

<del></del>						
— <del>-</del>		1982			1981	
		Passanger	Commercial		Passenger	Commercial
General MotorsU.S.	Total	4 000 000	vehicles	Total	C215	Vehicles
Ford Motor—U.S.	6,150,108 4,004,433		1,280,436	6,667,412	5,497,052 3,093,212	1,170,360 1,018,730
Toyota—Japan	3,147,262	2,258,253	1,136,710 889, <del>0</del> 09	4,111,942 3,224,488	2,248,171	976,317
Nissan—Japan	2.512.309		647.693	2,700,461	1,911,700	788,761
Renault—France	2,105,358		259,363	1,892,593	1,632,544	260,049
Volkswagen—W. Germany	2,079,246		176,304	2,211,514	1,996,247	215,267
Peugeot—France	1.689,016		185, <b>593</b>	1,790,665	1,579,193	211,472
Fiat—Italy	1,619,413		290,776	1,574,415	1,254,777	319,638
Toyo Kogyo—Japan Chrysler—U.S.	1,110,164		285,917 251,825	1,176,608	840,630	335,978 236,209
	1,040,904			1,112,242	876,033	
Honda—Japan	1,021,578		160,335	1,008,927	852,177	156,750
Mitsubishi—Japan	969,445		396,801	1,094,793	606,883	487,910
Lada—USSR	800,000			- 830,000	830,000	
Daimler-Benz-W. Germany			224,145	701,358	449,010	252,348
Suzuki—Japan	603,153	113,881	489,272	578,876	94,785	484,091
Fuji-Japan	513,506	201,388	312,118	472,639	190,451	282,188
Leyland—UK	509,421	405,116	104,305	513,959	413,440	100,519
Daihatsu—Japan	464,245		336,626	472,254	147,219	325,035
Isuzu—Japan	404.871	113,299	291.572	457.242	129,564	327,678
BMW-W. Germany	362,607	362,607		337,757	337,757	-
Volvo-Sweden	347.304	312.016	35,288	310,363	278.385	31,978
Polski Fiat—Poland	238,389		30,200	250,515	250,515	- OI,5.0
American Motors—U.S.	225.362		85,472	239,058	146.810	92,248
SkodaCzechoslovakia	220,000		50,000	232,000	178,000	54,000
Moskvitch—USSR	205,000		50,000	235,600	235,000	02,000
						4 586
Alfa Romeo—Italy	189,722	188,773	949	198,857	197,287	1,570
Zaz Zaporojetz—USSR	180,000			155,000	155,000	
Zastava—Yugoslavia	163,929	153,644	10,285	194,003	184,817	9,186
GAZ Volga—USSR	130,000	130,000		130,000	130,600	
Saab-Scania—Sweden	108,183		24,627	95,577	66,392	29,185
Hyundai—South Korea	90,983	78,071	12,912	70,051	52,961	17,098
Hino—Japan	61,445		61,445	69,276	_	69,276
International Harvester-U.	S. 57,877		57,877	76,362	_	76,362
Kia-South Korea	43,266	535	42,731	36,039	4,753	31,286
Porsche—W. Germany	36,329	36,329	<u> </u>	31,734	31,734	_
IMV—Yugoslavia	31.614	31,302	312	30,056	28,859	1.197
Saehan-South Korea	22,796	14.845	7,951	20.411	8,888	11,523
De Tomaso-Innocenti—Italy		21,729	-,504	23,261	23,261	
MAN—W. Germany	20,013	21,123	20.013	25,473		25,473
UNIS—Yugoslavia	19,723	16,510	3,213	21,188	21,188	
<del></del>						0 800 074
Total 40 manufacturers		26,078,476	8,131,875	35,374,369	26,974,695	8,399,674
Others	1,878,007	<u>536,180</u>	1.341,827	1.855,686	438,097	1,372,589
Total production	36,088,358	26,614,656	9,473,702	37,230,055	27,457,792	9,772,263
SUMMARY OF WORLD						
PRODUCTION					•	
						2
North American companies			2,812,320	12,267,016	9,613,107	2,593,909
Japanese companies	10,807,978	6,937,190	3,870,788	11,255,561	7,021,580	4,233,984
W. European companies	9,777,989	8,456,626	1,321,363	9,707,526	8,260,027	1,447,499
E. European companies	1,988,655	1,924,845	63,810	2,077,762	2,013,379	64,383
		11.6				



## Higher sales and record profits



The U.S.

EVERYTHING IS going right in the U.S. motor industry at present. Sales are continuing to grow, costs are being kept under control, the investment cycle is well past its high point, and manufacturers' profits are still benefiting from the restrictions on imports of Japanese cars.

It is also beginning to look as though the big two producers— General Motors and Ford—may well emerge from the current round of labour negotiations with the kind of contracts that with allow them a great deal of production flexbility over the next three years. A degree of freedom to reorganise without union restrictions is what the

U.S. Car production

3.975.291

1,306,950 1,320,198

1,104,075 1,547,680

The result of all these elements coming together so fortuitously will be record profits this year. The earning figures for GM, Ford and Chrysler combined, could well top out at about \$11bn, well in excess of the aggregate \$6.2bn notched up in 1983—itself a record vear.

Even Chrysler, which was on the rocks, totally holed and leaking badly only three years ago, will run up after-tax profits of about \$2.4bn, although this will be helped by its enormous tax loss carryforwards. Just one measure of the new-found financial health of the big

companies is their growing liquidity. General Motors, which was forced to sell its headquarters building in New York during the cash squeeze in the early 1980s, had well over \$6bn in cash at the end of 1983, while Ford had cash balances at the end of June of \$4.8bu. Yet the questions about the longer-term future of the

638,974 749,648

industry remain. How competi-tive is it and how efficiently could it cope with the abolition of the tariffs of Japanese cars? Despite the gains in produc-tivity and quality which have been achieved in the past three years, executives in the U.S.

84,246 98,207

AMC 189,636 164,728 169,319

The programme, dubbed Saturn, is designed to get the group back in the small car race by launching revolutionary

6,372,304 6,251,003



similar to the European model, but few of its parts are interchangeable.

industry profits, and a sub-stantial part of the gain in car

sales in the past two years, has come in the medium to large car

As if to underscore this small car problem, GM publicly abandoned its plans to introduce

a new small car last year, while launching an ambitious, but relatively long-term project to

methods of production that are an open admission that the old

pany. It is by no means clear that the ideas, based on cellular sub-assembly rather than con-ventional production lines, will

work, even though the company

has given a commitment to the United Auto Workers' Union to

Watching these manoeuvres motor industry experts in the U.S. believe that it is still scarcely capable of standing up to an unrestrained assault from

Japan. It is widely argued that if the Japanese manufacturers were allowed completely free

entry, they would almost certainly by creeping up to a market share of around 40 per cent by the middle of this

cade against about 22 per cent

On the other hand, the indications are that the Japanese have

themselves come to the con-

clusion that they will never

again be in a position to launch

such an invasion, as they did in

The existence of the informal

quota of around 1.8m cars a year has been followed by a

envisage a withdrawal.

U.S. manufacturing, the nature of the challenge from Japan has

the 1960s and 1970s.

Strategy

find a viable replacement.

admit that armour are particularly visible Japanese manufacturers are in the area where they are in The Japanese have mostly (with generally more competitive, the most direct competition— the exception of Toyota) kept United States labour costs small cars. The recovery in away from the highly-unionised remain higher, in some cases by as much as 50 per cent, and the degree of automation in U.S. factories is certainly no higher than across the Pacific.

American critics also argue to be higher.

that the Japanese car manufac-turers produce higher-quality products, even though the American companies have made great strides in this field. Indeed, most consumer surveys indicate that much higher marks are given to the

Nissan is putting in capacity for another 100,000, and a joint plant owned by GM and Toyota, but producing a Toyota-designed car, will come into production next year to make about 250,000 units.

By producing in the U.S., the Japanese are answering the American companies' com-plaints that they were not competing as they put it, "on a level playing field." The Japanese no longer have any currency or tax advantage which, according to the Americans, can give them an advan-tage of between \$1,000 and \$1,500 on the wholesale price of

small car. Even so, a challenge remains parts of the country, installing their plants in areas where they have been able to introduce exactly what they wanted in terms of flexible manufacturing

The effect of these changes in strategy will be to break down the comfortable oligopoly enjoyed by the American manufacturers in their own market during the post-war era. The output of the Big Three peaked many years ago now, back in 1973. Although aggregate 1973. Although aggregate production will rise again to these levels, pushed by the natural expansion of the market, it is likely to be some years before the Big Three can pull back up to their former levels because protection has fragmented into more hands.

#### Joint projects

Even so, the shock of Japanese competition and the dramatic financial crisis in 1980-81, has clearly shaken up the U.S. companies. To tackle the small car problem, they are all considering similar joint projects to the one between GM and Toyota—Ford with Mazda, and Chrysler with Mitsubishi.

They are also increasing the volume of production by buying

in both components and cars from lower-cost outside sup-pliers. And they are all speeding up the pace of automation. Indeed. the Massachusetts Institute of Technology suggested recently that U.S. producers might be able to get ahead of their Japanese and European competitors by making a technological leap which eschews intermediate

It is in this context that this year's round of labour contract talks is so important. To introduce these changes, and to compete with the Japanese and change in the Japanese compete with the Japanese and strategy. Virtually all the other Far Eastern suppliers, leading motor manufacturers in the U.S. producers need both to Japan now have plants in the stop the rapid escalation in the U.S., and the oustanding real cost of wages and benefits

sidering a similar venture, their production methods, probably in partnership with The GM deal has gone some Chrysler. The level of committed way towards this. It has made ment to these projects is now pay much more dependent on so high that it is difficult to both the profitability of the rvisage a withdrawal. company (through profit With the move to on-shore sharing), and on individual performance (through increas-ing differentials for skilled

hile ster

changed, not disappeared. The workers and extra payments for U.S. producers still have to cope with the very large numbers of amported cars in the quotand they are also having to face a steadily rising number of cars made by Japanese manularly in the nascent industry of South Kores. But it is a herjing the structure in the IIS. larly in the nascent industry of South Korea, But it is a beginfacturers in the U.S.

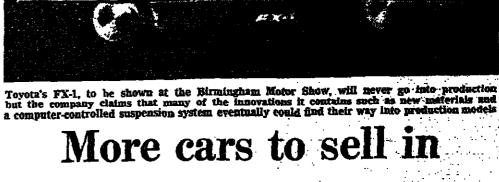
So far, this capacity is ning on a new road for the U.S.

limited, but it is increasing.

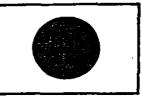
Honda will make about 130,000

Town Dodsworth

Terry Dodsworth



# home price war



Japan

THE JAPANESE car makers this year have been beset by a price war in their domestic market of unprecedented ferocity. A strong yen has made exporting much more difficult and they are faced with restrictions on the number of cars they can export to their biggest market, the U.S. Yet car production in Japan should rise to a new peak this year, exceeding the 1983 per-formance of 7.15m by perhaps

1 per cent. This shows the Jap producers' strength in the face of adversity and gives good reason for the belief that their share of world car output is unfikely to drop below the 28 per cent to 29 per cent at which it has been

firmly established. in turmoil because the long-established balance of power between the two domestic giants, Toyota and Nissan has been temporarily disturbed.

Toyota has capitalised on several important new model introductions, including a new version of its best-selling Corolla but Nissan has suffered from some weakness in the middle of its product line-up because the Stauza was not the success the company hoped it would be. So the gap between Toyota

with a share of about 40 per cent and Nissan has widened from 7 per cent to 10 per cent. Nissan is determined to recover the lost ground. Honda, which has made

steady progress and is now neck-and-neck with Mazda contesting third place, Mitsu-bishi and the other manufacturers have all had to react the new competitive in the circumstances, the

prospects for imported cars to make any headway seem dimmer than ever. Last year imports at 35,285 accounted for only 0.7 per cent of the 3.135m cars registered in

However, a major effort by BMW of West Germany which has taken over its own import business in Japan helped lift total imports by 20 per cent to 20,240 in the first half of 1984—the first time imports had made any advance since

BMW's sales rose 56 per cent in the first half com-pared with the same months of 1983 to 4,180—an indica-tion of the small numbers

cently entered the market now that Nissan has begun assembly of the Volkswagen Santana. Mr Carl Hahn, VW's chairman, says that Nissan has been taken by surprise by

So the main thrust for growth from now on by the Japanese will be overseas as-sembly and Joint ventures. sembly and Joint ventures.
But, as the Economist Intelligence Unit: pointed out recently, because the Japaneseprefer to supply as much of
the content of vehicles as possible from Japan, experts of this year and to 730,000 in 1985, according to the EIU. Nissan and Honda have siready started projects to

semble cars in the U.S. to

#### Japanese car production

	Change	GVET DE	evinus
'900 units			%
6,175	200		3.3
7,010	862	·	14.0
6,975	-64		0.9
6,880	-92		-1.3
7,150	270		3.2
	6,175 7,040 6,975 6,880	'900 units '900 units 6.175 200 7,940 862 6,975 —64 6,880 —92	6,175 200 7,040 862 6,975 — 64 6,880 — 92

excellent acceptance of Japanese-German car. He expects about 20,000 will be sold this year "which with our imports will give us I; per cent of the Japanese mar-ket"

Japanese market is a similar way, starting in 1986 when way, stating in 1800 with the luxmy car, code-named XX and jointly developed with Honda, will be produced for the UK company by Houda in

Britain's

Like VW, Austin Rover expects that the locally-made models will help it strengthen its dealer network in Japan and thus boost im-

Japan has been exporting about half its ear output but knows it cannot expect growth to continue at the same pace as in the past because of the protectionism that provokes.

The import limitations slapped on Japanese cars by the U.S. and a couple of years ago, by West Germany, shows that there is a limit to what even the most ardent free-trading nations will tol-erate when a large employer

Toyota has a joint venture with General Motors, largest of the American groups, to build cars at a disused GM Mitsubishi and Marda have both been looking the States.

In Europe, Honda has its joint production deal with Austin Rover, Nissan intends to start assembling kits in the UK — a project which might develop into full-scale manufacturing by the end of with Aifa Romeo in Italy and now has a majority shareholding in the Spanish com-mercial vehicle producer Motor Iberica.

The Japanese industry is now committed to alleviating trade friction by moving assembly offshore. As Nissan's executive vice president Mr Yoshitada Uchlyama, says about his company's approach: "We want to manufacture where we sell. especially in our larger markets so that we can contribute to the local economy industry and employment."

**Kenneth Gooding** 

## lake a trip into tomorrow's technology

The Renault Alliance is the U.S.-produced version of the lower-medium 9 saloon. Its name reflects Renault's involvement with American Motors Corporation, in which it holds a 46 per

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**France** 

THE FRENCH motor industry has arrived at a key turning point. The industry, which directly and indirectly empolys one out of every ten working men in France, is at the centre of the Socialist government's industrial worries.

It has become, in some respects, the most eloquent symbol of the government's efforts to modernise and restructure the country's major traditional industrial sectors. Both the country's two

domestic car manufacturers the state-owned Renault group cern which embraces Peugeot, Talbot and Citroen car marques — are in the throes of major restructuring

went to get the latest information on

And despite the pressure from the labour unions and the Communist Party, which has now withdrawn from the governing coalition, the chairmen of both car groups made it clear during the October Paris Motor Show that without restructuring, without reducrestrictioning, without reduc-ing employment and without achieving productivity gains of the order of 7 or 8 per cent a year, the French car industry would find it difficult to remain at the top of the world league. But despite the profound preoccupations of the industry, which have not been helped by a 12 per cent decline in the domestic market so far this year, the worst may now be

the view of the two French car makers. New registrations on the domestic market are expected to total about 1.8m vehicles this year or about 200,000 cars fewer than in 1983. The indus-try is in fact expecting a pickup in the domestic market in the last period of the year which would result in an overall market decline of around 10 per cent for the year. This in turn

over. At least, that seems to be

would be an improvement on The two car makers have also made significant progress in renewing their car ranges. Renault, which hit a low point in terms of market penetration this year, will have brought out unions this autumn disrupted two new models this year—the top-of-the-line R-25 and in the last weeks the new R-5 mini car called "superfive."

Peugeot, after its traumatic labour troubles at Talbot, has been reaping the fruits of the success of Peugeot 205 supermini which will be produced at a rate of 2,000 cars a day by December.

Major industrial sector at a turning point

the domestic truck market modernise and transform itself where, according to a Renault along with the evolution of the executive, all the manufacturens engaged in "collective suicide," the situation has become a bit man of Renault, remarked, this more normal. Nonetheless, is a continuous evolutionary

French car exports: ..... Total new registrations: ...

malf of this year. For both French car makers, the two key problems to ensure a lasting recovery involve the size of their workforce and their ability to improve their financial position. Peugeot was the first to tackie the job problems the current level of registration, and was forced to make several thousand redundancies in the past two years, sparking off a major labour conflict.

In antidpation of similar moves by Renault, the trade production at major plants of the state car maker. However, Renault pledged it would not make any compulsory redundan-cies but would seek to reduce its workforce by a major long-term retraining and relocation programme, early retirements, voluntary incentives and other socially acceptable methods.

But if the unions, the govern- the point that their indebted-

programmes involving large This is a record for the comment, the employees of the car ness is about double that of its scale job reductions.

This is a record for the comment, the employees of the car ness is about double that of its companies, have shown a collect main rivals. The companies, Renault, which has a major the maturity to face the painful restructuring problem, the new Superfive, also claims that a slow improvement is beginning to be felt in its loss ridden truck division. After a ferocious price war in sector can successfully adapt,

French car production

1st 8 months 1st 8 months 1,758,052 1,904,607 1,758,052 (- 8.4%) 1,904,607 (- 2.4%) 1,176,452 (-12.2%) 1.920.288 1,029,768

Renault's truck operations lost process. And in view of the FFr 1.4bn (\$152m) in the first huge role the car industry plays in the French economy, the risk is that the restructur-ing programmes will again become embroiled in broader political conflicts.

For the car makers, their balance sheet problems are also crucial. Renault this year saw its losses swell in the first half to FFr 3.6bn after a deficit of FFr 1.6bn for the whole of last

Unlake last year, the losses were not only confined to truck and farm equipment operations but also to the car division. Peugeot, which had hoped to break even this year after accu-mulated losses of FFF 8bn in the past four years, will again report a deficit, although it is likely to be significantly lower than in 1983 when the group had a net loss of FFr 2.59bn. Both companies have seen their debts increase heavily to

main rivals. The companies, which claim they have made no sacrifices in their investments to renew their range and modernise their facilities, modernise their facilities, clearly are in urgent need to improve their financial situation to guarantee future invest-The Franch Government is generally expected to support

the industry's restructuring efforts and attempts to find a sounder financial footing. But the Government has also indicated it does not have much room to manoeuvre on the budgetary front at a time of continuing economic restraint in France

Monetheless, the two car groups both received loans from the government's recently set up Industrial Modernisation Fund Renault is now negotiating a capital increase with its only shareholder, the govern-ment, and is envisaging issuing new non-voting loan stock. However, the two companies are hoping that their new models will help generate some cash flow, although they have few illusions about the strength of the European car market in the near future to sustain sharply higher volumes. But despite the uncertainties

facing the industry in coming months, there appears to be a cautious feeling of greater optimism in the industry. The dismal declining trend of past months appears to be finally turning and the car makers say that it is now misleading car industry in too catastrophic

Not that the problems have gone—far from it—but a little light seems to be flickering at the end of the long tunnel, for the moment at least.

Paul Betts

he Brilist

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## Cautious forecasts after the troubles



**W. Germany** 

EXECUTIVES Under Section of the German motor vehicle industry gathered in Baden-Baden recently to review the some what traumatic events of this year and to peer into the still clouded crystal ball for a sign of things to come next year. Baden-Baden, set in a brisk if not chilly atmosphere in southern Germany, is one of those elegant spa towns co-nowned as a conference centre and as a resort for invigorat-

ing health cures.
Its choice for the recent gathering is perhaps not with-out some unconscious symbolism, in view of the nerveshat-tering experiences which the motor vehicle industry has been

motor vencie industry has been going through.

This year has come like a cold shower to West German vehicle makers, who have been joited by the labour conflict over shorter working hours and by waanging and uncentainty in the controversy over plans to tighten car emission controls.

Serverage eq

化三元基金 主要

3.2 ----

Even so, the industry is more than usually reticent about and Italy; forecasting the coming year as The West German vehicle the domestic market in pari-cular is still surrounded by

There have been signs this date, which was considered by year that potential buyers have many to be impractical. While Daimler-Benz, for one, For some time there was tou- has expressed dissatisfaction cern that the labour condict that larger vehicles should be dependent and carried by might seniously upset economic singled out as an earlier target growth prospects, and although for the new controls, manufac-these worries have ebbed, the turers have welcomed the new smission control controversy approach as demonstrating

Friedrich Zimmermann, the Interior Minister, took a sur-prise initiative in summer of

His tritial plan was purely and simply that no new car hould be registered in West learnany after January 1, 1986, unless it was fitted with a catathe converter to filter exhaust xilutants — a move requiring the introduction of lead-free

The political twists and turns since then have been bewildering as the Bonn government has sought to come to terms with with pressures for Europeanwide agreement in order to pre-

vent trade conflict.

The government has en-deavoured to dispel uncertainty and at the same time to meet motor industry requirements with a new set of decisions in mid-September, but whether this will really be the last word remains to be seen.

According to the latest deci-sions, Bonn intends to introduce stringent U.S. emission controls in stages, applying them to larger cars from January 1, 1988, and to all cars from the beginning of 1989. It will intro-duce financial inducements to factor likely to cause uncer-Car export mari encourage motorists to buy cars equipped with catalytic converters earlier than these dead-

The financial incentiveswhose form caused much of the political wrangling—are to apply next year, possibly from July 1.

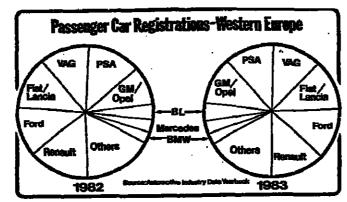
Boom politicians assert that,

Bond politicians assert that, attempts to make up some of will "go in alone" in sticking the production lost during the production lost during the to its latest deadlines even if seven-week isobour dispute and other European countries block by resolute avowals to fulfil an EEC-wide agreement. The latest emission control plans, the therapeutic effects of this that the EEC can be persuaded year's troubles seem to be outselfing the shocks to the system. match. West Germany's goal, despite the objections of France

Bonn has retreated from Herr Zimmermann's original target

emission control controversy approach as demonstrating has remained an unsetting more flexibility and regism.

Some manufacturers have



West German motor vehicle production

	1982	1983	1983	1984
		December)	·	-Angust)
Cars	3,761,435	3,877,640	2,504,935	2,214,800
Commercial vehicles (in- eluding trucks) Total	261_230	292,910	178,935 2,683,870	158,100 2,472,900

and safeguard the environment. Such calls are seen as a blow at the industry's technological tainty among potential buyers. In the wake of the labour dispute in May and June, the car industry has reconciled itself to a setback in this year's performance in terms of production, domestic registrations and exports. But the shortfall may not be as great as feared at

With almost all vehicle assembly at a half, the industry missed out on production of an estimated 423,000 cars, trucks esumated 423,000 cars, trucks and other comercial vehicles— about a tenth of annual output. This amounted to lost sales nevenue of about DM 10.5bn

Measures

Many plants, however, operated during the normal summer holiday shutdown and other measures have also been

new Bremen plant.

By the end of Angust, car with its original demand of a production in West Germany was running 7.6 per cent below. 40 to 35 hours. The working week from the first eight months of last year. Production for the whole to come into force in April next suffered from recession and less favourable export markets in year, although Volkswagen—

was is expected to reach year, although Volkswagen—

was production for the whole to come into force in April next favourable export markets in year, although Volkswagen—

was production for the whole to come into force in April next favourable export markets in year, although Volkswagen—

was production for the whole to come into force in April next favourable export markets in year, although volkswagen—

was production in West Germany with its original demand of a complete to lift output. The West German commercial vehicle sector, which has favourable export markets in year is expected to reach years, generally remains

to reduce car exhaust emissions the end of August were 2.9 per cent below a year ago and are thought likely, by the end of the year, to be just trailing last

> Car export markets, particularly the U.S., have been promising this year and the interrup-tion to production was all the more bitter for companies dollar. In August, the number of vehicles exported was nearly a third higher than a year ago, but exports since the beginning of the year were still trailing 5 per cent behind last year. While Japanese car makers West Germany this year, local manufacturers are confident that manufacturers are confident that the Japanese market share-inflated by the effects of the strike—will fall back by the end of the year. Up to the end of August, the Japanese had gained a 12.5 per cent market share, compared with 10.6 per cent for the whole of last year.

Concern about international other measures have and been taken to make up at least some West German car makers to of the lost production. Daimler-stand firm in this year's labour dispute despite the heavy competitiveness induced the Benz, for instance, aims by the dispute despite the heavy end of the year to make up immediate costs. IG Metall, the about 40 per cent of its lost car metalworkers' union, settled in output, aided by capacity at its the end for an average working new Bremen plant. the end for an average working week of 38.5 hours, compared

Some manufacturers have year. Production for the whole to come into force in April next year is expected to reach year, although Volkswagen—mission controls has been speed limits on West German going on ever since Herr autobahns as a further measure New car registrations up to year is expected to reach year, although Volkswagen—recent years, between 3.7m and 3.8m, com-which has a separate union con-in low gear.

off a year, starting from January 1. Some car companies have for recruiting more workers, in view of expansion plans as well as the imminence of shorter

hours.
Daimler Benz, for instance, on a further 2,000 workers in the second half of this year, in addition to a similar number recrustments in the first half. Volkswagen and its Audi subsidiary have also been preparing plans for major recruit-

ment of workers. BMW, whose early reaction to the shorter working hours agreement was to stress the need for further automation, is pressing shead with construcion of its new plant at Regens

four years to build up a second major car assembly plant en adultion to Sinderingen near Stuttgart. Since the beginning of the year, the company has been steadily expanding its output of the 190 series "compact" class at Bremen, which is also produced in a parallel operation at Sindelfingen.

While VW has been basking in the continued success of its new Goli—of which it has produced more than half a million since June last year—Opel has been gearing up for a new assault on market shares with the recent launch of its new Kadett. With an investment of DM 1.5bn in the project, the General Motors subsidiary has mounted a new challenge to

In the U.S., VW is gearing up meanwhile to launch its new Gol' on the market in Novemproduction of the car there.

Like most West German car makers it has been looking to the U.S. for a hefty boost to its

earnings this year.

Porsche, which sells nearly half its output in the U.S., has importing and distribution unit after severing its joint arrange-ment with VW's Audi subsi-diary. With production strained to capacity, Porsche is also pressing ahead with investment

#### Auto manufacturers compared

· .	1979 Total S vehicles (	hare	15 Total vehicle	80 Share s (%)	198 Total vehicles	Share	198 Total vehicles	Share
GM and subsidiaries		21.4	7,101	18.3	6,762	18.0	6,244	17.1
Ford and subsidiaries	5,810	13.8	4,328	11.I	4,313	11.4	4,255	11.7
Chrysler and subsidiaries	1,796	4.3	1.225	3.2	1,283	3.4	1,182	3.2
Total	16,599	<b>39.</b> 5	12,654	32.6	12,358	32.8	11,681	<b>32</b> .0
VW and subsidiaries	2,542	6.1	2,574	6.6	2.246	6.0	2,130	5.8
Renault and subsidiaries	1,899	4.5	2,054	5.3	1,812	4.8	1,967	5.4
Pengeot and subsidiaries	2,802	4.8	1,647	4.2	1,485	8.9	1,424	3.9
Fiat and subsidiaries	2,399	5,7	2,397	6.2	1,988	5.3	2,046	5.6
Toyota	2,996	7.1	3,293	8.5	3,220	8.5	3,145	8.6
Japan total	9,636	22,9	11,043	28.4	11,180	29.7	10,732	29.5
Others		16,5	6,466	16.7	6,589	17.5	6,480	17.8
World total		0.90	38,835	100.0		100.0	36,460	100.0

## Pulling out of recession

At Bremen, Daimler-Benz has BRAZIL'S VEHICLE manufactories in the long-term three tier edifice. At the bottom invested DM1.1bm in the last turing industry is slowly pull-potential of the Brazilian may the state was to be responsible. turing industry is slowly pull- potential of the Brazilian maring out of the worst recession ket, Belief in Brazil's suitability for most of the basic inputs, it has ever known: a recession as a manufacturing base for in the middle the components which has set the industry exports as well is, if anything, back ten years in terms of out- even stronger than before the put, and cost the multinationals which dominate the sector hundreds of millions of dollars in balance sheet losses.

In 1979, when domestic sales reached their all-time peak of ing the industry just under just over a milion, Brazil was ranked minth in the world notably engines, probably added manufacturing league. It was level pegging with Spain and Canada and on a rising curve. Two years later came the great collapse. At a time when the "big four" car makers were investing beavily in new models and production facilities, sales plummeted by 40 per cent.

Instead of folding under the impact of such a blow, how-ever, Brazilian vehicle manu-

Domestic sales of cars and pick-ups in fact remain depressed and the industry's forecast for this year is for a slight decline on last year's 629,000. But booming exports have saved the day, avoiding heavier lay-offs and restoring some respectability to balance

Truck sales, although still a long way below their 1980 peak of 157,000 units, are, in contrast, enjoying a much stronger than expected recovery.

The industry's ability to sustain three successive years in the red is also a clear com-John Davies ment on the faith of the manuenvisaged after the war as a

country's debt crisis.

Total vehicle exports rose by 19 per cent between January and September, compared with the same period last year, earn-US\$1.2bn. Vehicle components, another third.



Measuring output in per terms illustrates dramatically how much room there is for growth in the Brazilian domestic market, provided purchasing power can be increased. In 1981 — the last year for which comparative statistics are available -- output per capita was 0.6 per cent in Brazil, 2.6 per cent in Spain and 6.4 per cent in France. On this method of calculation, even Yugoslavia produces twice as many vehicles as Brazil.

The Brazikian industry was

sector would be dominated by privately-owned Brazilian companies, while sat the top the multinationals were left with an oligopolistic control of the

finished product. Rinal manufacturing has in recent years settled into a pattern which is unlikely to be significantly altered in the foresecable future. Two European companies (Volkswagen and Fiat) compete head on in all segments of the passenger car market with two U.S. companies (Ford and General Motors).

The Japanese have been virtually excluded from the Brazilian industry. Their parti-cipation is limited to the manufacture of light pick-ups and motor-cycles.

As for ownership of the major producers, Ford and GM are both 100 per cent sub-sidiaries of their U.S. parents, while Flat and VW do Brasil have opted for minority local partners — the Minas Gerais state government for the former and a Brazilian holding car maker. In addition, the Kuwait Government holds a 10 per cent stake in VW do Brazil.

However, the existence of a settled cartel of car manufac-turers operating behind high not suggest that the fortunate contrary, competition for mar-

Andrew Whitley

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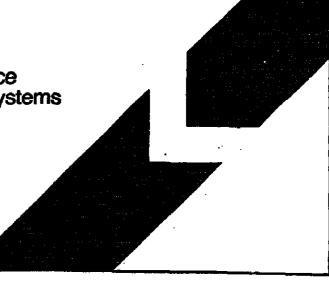
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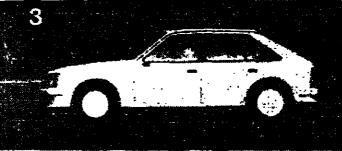
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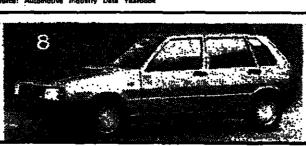
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25	,197	17,102	1,497	NK	526	50,874	224,887	51,000	16.454	5,513	7,895	15,584	25,764		442,29
9	,394	7,234	6,482	2,846	4,353	52,807	77,880	23,900	25,556	3,726	7,052	8,322	174,190	30,031	433,79
14	,I13	16,925	8,729	3,583	4,884	18,945	189,993	13,405	35,162	2.886	7,873	12.687	62,570		390,37
7	,336	7,876	7,083	3,048	2.518	37,155	97,478	11,200	12,199	5,997	6,052	9.967	159,119		366,878
		6,381	_	NK	29	213,805	17,081	47,700	7,494	457	2,220	3,774	15,981	41,679	355,92
12	574	9,447	3,582	2,228	3,295	21,627	117,782	16,090	14,568	5,108	5,262	8,290	127,584		347,457
2	.670	8,654	2,715	5,683	2.273	45,022	66,920	33,100	8,174	2,917	3,467	NK	119,602	32,239	333,460
3.	.192	5,154	1,235		1,234	21,644	18.260	245,090	5,412	401	797	1,120			305,449
2,	,960	6,971		1,800	577	26.805	26,822	167,000	8,745	914		2,833	15,540	46,446	292,149
5,	,559	5,827	1,072	1,998	2,095	139,229	20,132	49,300	6.361		1,724	5,742		965	255,269







European pa	ssenger car	production
-------------	-------------	------------

		% Of		% Of	% Change
	1983	total	1982	total	'83 on '82
Renault	1,639,405	15.47	1,491,853	15.25	+ 9.9
PSA	1.441.192	13.60	1.341.507	13.71	+ 7.5
VW-Audi	1,384,663	13.06	1.387.512	14.18	- 0.2
Ford	1,339,524	12.64	1,278,353	13.07	+ 4.8
GM-Opel	1,307,354	12.33	1,085,937	11.10	+20.4
Fiat Laucia	1,157,830	10.92	1,071,356	10.95	+ 8.1
Mercedes	483,359	4.56	465.503	4.76	+ 3.8
BL	473.341	4.47	405.116	4.14	+16.8
BMW	407.507	3.84	362,607	3.71	+12.4
Volvo	353,690	3.34	301,851	3.08	+17.2
SEAT	223,887	2.11	240,005	2.45	<b>– 6.7</b>
Alfa Romeo	206,926	1.95	188,773	1.93	+ 9.6
Saab	96,012	0.91	83,556	0.85	+14.9
Porsche	48,288	0.46	36,329	0.37	+32.9
Innocenti	13,688	0.13	21,646	0.22	-36.8
Bertone	6.605	0.06	7.439	86.0	-11.2
Maserati	5,333	0.05	2,265	0.02	+135
Pininfarina	2,522	0.02	2.456	0.04	-17.0
Ferrari	2,366	0.02	2,223	0.02	<b>+ 6.4</b>
Rolls-Royce	1,568	0.01	2,489	0.03	-37.0
Lotus	642	0.01	572	0.01	+12.2
TVR	291	_	121		+140
Lamborghini	184	-	110	_	+67.3
Aston Martin			134		+15.7
Reliant	105	-	87	. —	+20.7
De Tomaso	77		83		- 7.2
Others	_2,794_	0.04 -	3,621_		22.8_
Totals :	10,600.037	100	9.784.504	100	+ 8.3

## Export drive stepped up by all-Spanish car



Ford Esceri Ford Sierra Duel Ascen ford Flesta enault R9

Spain

THE NEW car that Seat, the state-controlled Spanish manufacturer, launched in August does not appear too different in a world of look-alike small saloons, but it is a landmark

The Ibiza, which fills an intermediary space in the Seat's small car range, is the first genuinely Spanish production-line model that the country's motor industry has come up with since it began making cars 30 years ago. That is to say, it is as wholly a Spanish car as any car today is wholly anything.

Porsche has contributed to Source: Automotive Industry Data Yearbook bodywork, but it is essentially

a Spanish original.

next few years. There is little

car makers' share of their home market continues to rise,

amounting to no less than 64.3

of this year—a proportion un-

matched anywhere else on the

alone held 55.2 per cent. And

the Italian company is once again the best-selling make in

Europe, with a slightly increased

share of Italy's 1983 output of 1,395,520 cars was marginally higher at 1,225,000.

Italian car production in the first six months of this year was up 13.4 per cent compared with the first half of 1982 at

Fiat's position in Italy has no

comparison in any other Euro-cean country. This also explains

why the recovery of Fiat, which

dates from the beginning of the decade, is a crucial fact not only for the country's motor industry

out also for the whole of Italian

It is a performance which the

only other major Italian car

manufacturer, Alfa Romeo, has tried to emulate, but without

The recovery of Flat began

With the right to manage

the 1970s, the company felt able to go ahead with a L 2,900bn (\$1.5bn) programme of invest-ment in automated equipment

in the factories, which has raised the number of cars pro-

able four per cent.

half of this year.

829.340 cars.

Since late last year, when it joined battle with its former partner, Fiat of Italy, for the right to export its Flat-derived than doubled from the same half of this year almost 60 per carried at all steer mathacturers Citroen Saragossa is very much geared and Talbot—Seat has to count on exports to compensate for a partner, Fiat of Italy, for the vehicle exports to the UK more weak home market. In the first than doubled from the same half of this year almost 60 per carried to Saragossa is very much geared and Talbot—Seat has to count on exports to compensate for a partner, Fiat of Italy, for the vehicle exports to the UK more half of this year almost 60 per carried to Saragossa is very much geared. Seat has embarked on the first Spanish car export campaign that falls outside the strategies of major U.S. or European producers which have simply chosen Spain as an economical manufacturing base.

With its new model Seat which shows model Seat which all of this year almost 60 per cent of Spanish car cent

With its new model Seat, which also this year started pro-ducing its version of the Volkswagen Polo under its 1982 agreement with the West German group, has thrown fuel on the fire of controversy in Britain about sales of Spanishmade cars.

The wrath of British unions over the present disparity in import tariffs—4.4 per cent on imports of Spanish cars against a 36.7 per cent tax which Spain levies on all but a small quota of cars from the EEC—has already built up since General Motors began exporting its Corsa model to be sold in the UK as the Vauxhall Nova last

has already overtaken Britain's largely because of General in terms of units produced. Motors, whose plant at

Set for continued prosperity

Seat, the only Spanish-owned company among the country's six resident car manufacturers, is counting on its new models, including its Volkswagen models, to pull itself out of losses, which last year reached a record Pta 35.7bn (£168m), the biggest of any Spanish industrial concern. A new funding programme has been drawn up for the next few years to reindered in 1982 and 1983 has run for the next few years to reindered in 1982 and 1983 has run out of steam with a 4 per cent

But on the other hand Spain's European markets are showing

for the next few years to reinforce the company's capital base
and cover depreciation while it
trims its workforce—due to be
reduced to 20,000 in 1989 compared with 31,000 three years
ago—and automates its production processes.

embly. The Arna is called

the Nissan Cherry elsewhere in

Alfa Romeo Spa, the parent company of Alfa Auto, cut its

losses sharply last year to L28.5bn from L72.8bn on sales

of L2,650bn. Normally, Alfa Auto accounts for about three-

quarters of losses, but the com-

Europe.

## Like the other companies— GM, Ford, Renault, and the sister manufacturers Citroen Spanish production

	Production	Per cent	onthy, 1 Domestic	Per cent	Exports	Per cer change
Passenger cars	607,438	+0.6	240,834	-27	358.176	141
Talbot	44,366				10.831	+239.2
Citroen	51.702	-19.4	19.562	-83	27,513	-38.6
Renault	127,289					-45.7
Ford	139.652				98,120	+4.6
Gen. Motors	128.484	+17.8	17.598	-13.3	111,602	+27.7
Seat		- L.S			73,479	
Commercial vehi	cies					
incl. buses	68,061	-17.2	46,688	-5.0	16,577	-18.4
Farm tractors	7,532	+0,8	4,202	-5.1	2,772	+10.6
Source: Spenish Ass	ociation of I	M rosor	anufacque	re (ANF/	(C)	

Seat, the company whose little 600 model, which it produced for 17 years, epitomised for the majority of Spaniards the coming of the automobile age, is now fighting to prop up its postion in this market. Its domestic market share has dropped to under 25 per cent as its pro-duction has been overtaken by Renault, Ford and most recently

GM.
To defend itself, in a country
which more than anywhere else in Europe has its production concentrated at the small-car end of the range, it has taken the risk of an overlap between its own protypes and its Fiat derived and Volkswagen-based The biggest recent success, on

both home and exports markets. has been Talbot. thanks to production in Spain of the Peugeot The Arna is the fruit of Alfa's 205. Renault, which has suffered once-controversial collaboration a sharp drop in sales of its a 1 per cent margin of profitability on turnover. The indications are, however, that Fiat with Nissan of Japan, the first classic R5, stands to recover intrusion into Italy of a ground when its new R5 is launched in Spain. With the government pursuing a tough fiscal policy, a fierce battle is in the offing.

The only consolation for the car business is that the rest of Spain's motor industry is faring much worse. The previously buoyant sector of saloon-derived buoyant sector of saloon-derived carefully when it labels the light vans has joined the general trend "massively negative." decline, with drops in output, home sales and exports in the

The build-up of production of the Nissan Patrol-Japanese vehicle—has kept domestic sales of four-wheelsales of Spanish-produced Land Rovers have fallen off and prosharply down.

In the rest of the industry, all the signs point downwards. Production of vans in the first half was 3 per cent less than in the same period last year, For cent, for light trucks 30 per cent, and for heavy lornies 46

per cent The decline of sales on the home market for Spanish-made vans, trucks and buses ranges up to 27 per cent in the case of export figures starts at 29 per cent for buses and goes up to 71 per cent for heavy lorries.

Michony,

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the ossesse

Ychargers

In this category Spanish exports this year are running 68 per cent lower than the level of 10 years ago, and sales within Spain 79 per cent lower. The motor manufacturers' associathon, Anfac, chooses its words

David White

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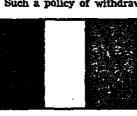
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MOST OF the Italian motor in- car-making business-especially a 1 per cent margin of profitdustry looks healthy and well-set in the purchase of components to continue prospering in the —have succeeded in cutting the trouble with the unions. Italian

from manufacturing and assem-

per cent for the first six months bly in parts of the world which it judged peripheral to its survival plan-pulling out of Spain by cutting its ties there with Seat, removing the Fiat name from the U.S. market, Of this Fiat and its offshoots and scaling down its presence per cent share in the first main car production centre outside Italy, and one which supplies sectors of the Italian Of Italy's total car output of 1,297,350 cars in 1982, some 1,134,000, or 87 per cent, were made by Fiat and its subsidiaries Lancia, Autobianchi and Ferrari. The Fiat group's market itself.



Italy

the next biggest-selling manufacturer, Renault, has only 8.9

achieving the same obvious suc-cess as Fiat. Nevertheless, Alfa Romeo's financial and productivity performances do show an when the company succeeded in immediate success when victory of such importance that levels of absenteeism in the Fiat plants dropped from about 15 er cent to a steady and accept-

finally asserted, after the chaotic terrorist-ridden days of

raised the number of cars produced per employee per year from 14.5 to 25.

At the same time drives for efficiency in other parts of the produce something better than sales there.

company's breakeven point on Auto is having a good year in intrusion into Italy of a carmaking from about 1.5m to 1984, increasing its share of the Im cars a year.

Fiat auto has also retreated those of France, West Germany panels are shipped from Japan and Religious and assets and Religious and assets and Religious and Auto in the Religious Automatical Plantage of the Religious Automatical Plantage of the Institute of the Inst nd Belgium. and welded at a jointly-owned.
The improvement of Fiat Alfa-Nissan plant at Avellino before being taken to Pomigliano d'Arco for final

Auto has helped the Fiat group strengthen its own financial position, doubling its net profits last year, and cutting its net debt substantially in the past three years. Nevertheless, the in South America. Brazil, on Fiat group as a whole has which heavy investment has suffered in the past few years been lavished, is now Fiat's from the weak performance of from the weak performance of Iveco, its industrial vehicles subsidiary, which plunged into loss last year and had a mannarket itself. agement shake-up in the spring. Such a policy of withdrawals while Fiatallis, which makes

> Fiat's recovery in the for the entire industry. The car makers' share of their home market--new 64 per cent-continues

from overseas operations would earthmoving equipment, is only have been more painful were it this year beginning to recover not that Fiat has a very strong position in its home market bad years. where it is virtually unchal-lenged by Japanese manufacturers (imports are restricted to 2,500 cars a year) and where

per cent of the market. Fiat crowned its return to the most important is the Fiat Uno super-Mini, which was an taming its workforce after an came on to the market in 1983. unsuccessful strike in 1980. It No fewer than 183,800 Unos secured the right to lay off were registered in Italy alone almost as many workers as it in the first half of this year, wanted, and won a psychological and the model has been well ing journalists.

To the Uno Fiat has added the Regata, to replace the 131, and Fiat is soon to introduce a new larger car.

1980s has set the tone to rise.

slightly from a series of very

On the other hand, Fiat Trattori, which makes tractors, remains profitable, and sells more tractors than any other European manufacturer.

If Fiat Auto is doing well, the picture is less glittering at Alfa Romeo, even though conhealth by introducing a range siderable progress has been of new models, of which by far made in the past three years, the most important is the Fiat Like Fiat, the state-owned company, part of the IRI-Finmeccanica group, has succame on to the market in 1988, ceeded in cutting its labour force and is making investments in new equipment. It has in the first half of this year, and the model has been well received in other markets, Naples, even though this plant being voted the 1984 car of started operating only in 1972.

Alfa Romeo too is bringing of new models. The largely re-equipped its plant at out a stream of new models. The

latest is the Alfa 90, a large car to succeed both the Alfetta and the Giulietta which goes on sale in the New Year. It In financial terms, Fiat Auto only went into profit in 1983, and then by only L80bn on sales of about L11,000bn. Profitability might have been achieved sud which it replaces, but in earlier but for the losses and Britain. in particular it has

pany has yet to give any details of Alfa Auto's performance last But the company does not demonstrate great optimism about becoming strongly profit-able in the near future. One of its basic problems is that the sector of the market for which it is aiming is too small ever to allow it really profitable volume levels.

Nevertheless, Alfa Romeo did succeed in pushing up its share of the Italian market to 7.6 per cent from 6.2 per cent in the first half of this year, and sold 71,455 cars in Italy in the first six months compared with 55,900 in the same period of

Nuova Impocenti. the country's third volume car maker, sold only 10,660 cars in the first six months of 1984, though this was proportionately a sheep improve-ment on the 7,500 cars sold in the corresponding period of 1983. The company which is majority owned by Sig. Alejandro de Tomaso, with a participation held by the Italian state-owned holding company GEPL survives mainly thanks to another factor: it assembles and makes the bodywork for Maserati, which is also under Sig. de Tomaso's management.

Maserati has had outstanding success with it Biturbo fast two door (and now four-door) car, and is booming. The Argen tinian-born entrepreneur has now taken up an option to buy out the 81 per cent of Maserati which was held by the GEPI (for, it is understood, only Labn) and Chrysler of the U.S. recently took 5 per cent of it (the remaining 14 per cent was already held by Sig de Tomaso). Biturbos into the U.S., starting with 3,500 cars in the first year.

James Buxton

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